

Old Mutual General Insurance Company Nigeria Limited

**Annual Report and Financial Statements
31 December 2020**

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Corporate Information

Registered office

3rd floor, EDC Building
 19A Adeola Odeku Street
 Victoria Island
 Lagos, Nigeria

Directors

Offong Ambah
 Olalekan Oyinlade
 Japhet Duru*
 Pieter Strydom
 Mark Weston
 Olabode Ladenegan
 Johannes Gawaxab**

Chairman
 Managing Director
 Executive Director
 Independent Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director

*Japhet Duru Resigned on 17 July 2020

**Johannes Gawaxab Resigned on 18 May 2020

Company registration number

RC255842

Reinsurers

Nigerian Reinsurance Corporation
 African Reinsurance Corporation
 Continental Reinsurance Plc
 WAICA Reinsurance Corporation
 Swiss Reinsurance Corporation

Bankers

Ecobank Nigeria Limited
 Access Bank PLC
 FBN Quest Merchant Bank Limited
 Fidelity Bank Limited
 First Bank Nigeria Limited
 First City Monument Bank Limited
 Guaranty Trust Bank Plc
 Heritage Bank Limited
 Keystone Bank Limited
 Rand Merchant Bank Limited
 Stanbic IBTC Bank Plc.
 Sterling Bank Plc.
 Union Bank Plc
 United Bank for Africa Plc

Reporting actuary

QED Actuaries & Consultants (Pty) Ltd
 FRC/2016/NAS/00000018470
 FRC/2018/00000012293

Auditor

Deloitte & Touche
 Civic Towers Plot GA 1
 Ozumba Mbadiwe Avenue
 Victoria Island
 Lagos, Nigeria

Directors' Report

The Directors present their report on the affairs of Old Mutual General Insurance Company Nigeria Limited ("Company"), together with the financial statements and independent auditor's report for the year ended 31 December, 2020.

Legal form and principal activities

The Company was incorporated in 1994 as Corporate Ideals Insurers Limited and it traded under this name until 2006 when it was acquired by Oceanic Bank International Plc. In compliance with regulatory requirements, the Company was re-structured by transferring its life underwriting business to a new company, Oceanic Life Assurance Limited, while the general underwriting business remained with Corporate Ideals Insurers Limited, which was renamed Oceanic Insurance Company Limited with an authorized and fully paid-up share capital of ₦3 billion.

In December 2011, the Company was acquired by Cressida Nigeria Limited. In November 2013, Old Mutual Africa Holdings Limited (OMAH) acquired a 70% stake of Oceanic Insurance Company Limited from Cressida Nigeria Limited which retained 30%. Oceanic Insurance Company was thereafter renamed Old Mutual Nigeria General Insurance Company Limited and became a member of the Old Mutual Group.

In 2016, the Company changed its name to Old Mutual General Insurance Company Nigeria Limited. It is licensed by the National Insurance Commission to carry on the business of non-life insurance in Nigeria.

Results for the year

The highlights of the Company's trading results for the year ended 31 December, 2020.

	31-Dec-2020	31-Dec-2019
	N'000	N'000
(Loss)/Profit before taxation	(294,238)	104,027
Income taxes	(6,238)	20,754
(Loss)/Profit after taxation	(300,476)	124,781
Transfer to contingency reserve	(85,653)	(63,132)
Net transfer to revenue reserve	(386,129)	61,649
(Loss)/earnings per share - Basic (Kobo)	(10)	4
(Loss)/earnings per share - Diluted (Kobo)	(4)	3

Directors' interest and shareholding

The Directors of the Company who held office during the year were as follows:

Name	Status	Nationality
Offiong Ambah	- Chairman	- Nigerian
Olalekan Oyinlade	- Managing Director	- Nigerian
Japhet Duru*	- Executive Director	- Nigerian
Pieter Strydom	- Independent Non-Executive	- South African
Mark Weston	- Non-Executive Director	- British
Olabode Ladenegan	- Non-Executive Director	- Nigerian
Johannes Gawaxab**	- Non-Executive Director	- Namibian

*Japhet Duru Resigned on 17 July 2020

**Johannes Gawaxab Resigned on 18 May 2020

The directors do not have any interest required to be disclosed under Section 275 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 (2016: Nil). In accordance with Section 277 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, none of the directors have notified the Company of any declarable interests in contracts with the Company. Information relating to share based transactions are contained in Note 17 (c) to the financial statements.

Shareholding analysis

According to the register of members, the Company shareholdings as at 31 December 2020 are shown below:

	31-Dec-2020			31-Dec-2019		
	No. Preference	No. Ordinary	% Holding	No. of Preference Shares	No. of Ordinary Shares	% Holding
Old Mutual Africa Holdings	8,086,900	2,100,000,000	70%	-	2,100,000,000	70%
Cressida Nigeria Limited	-	899,999,998	30%	-	899,999,998	30%
Ecobank Development	-	1	0%	-	1	0%
Oboden Valentine Ibru	-	1	0%	-	1	0%
Old Mutual West Africa Company	5,512,222	-	0%	5,512,222	-	0%
Total	13,599,122	3,000,000,000	100%	5,512,222	3,000,000,000	100%

Property and equipment

Movements in property and equipment during the year are shown in note 12 to the financial statements. In the opinion of the Directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements.

Donations

Donations during the year ended 31 December 2020 amounted to N18.1 million (2019:N12.1 million) as follows:

Organization	Description	Amount
Modion Communication	Sponsorship Of Inside Mainland 30 Most Influential Award	7,500,000
National Insurance Commission	Contribution to NAICOM Covid-19 Response	5,000,000
Businessday Media Limited	Businessday Nigerian Economic Outlook Conference 2020	2,500,000
Nigerian Insurers Association	Contribution to NIA Covid -19 Response	1,000,000
Pan Atlantic University	Sponsorship Of The Online Risk Management Course For SMEs	750,000
Shell Staff Cooperative	Sponsorship Of Cooplag 2020 Trade Expo	500,000
Nigeria Agribusiness Register	Being Payment For World Cancer Day Badges And Cards	500,000
Nigerian Council Of Registered Insurance Broker	Sponsorship Of NCRIB (LAC) General Meeting	250,000
National Association Of Insurance/Pension	Sponsorship Of NAIPCO National Conference	100,000

Employee involvement and training

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through regular meetings between management and staff of the Company.

Employment of physically challenged persons

The Company's recruitment policy, which is based solely on merit, does not discriminate against any person on the grounds of physical disability. Equal opportunities for development are given to all employees regardless of disability. In the event of any member of staff becoming disabled, the Company would make efforts to ensure that his/her employment is sustained.

Health, safety at work and welfare of employees

Members of staff are entitled to free and comprehensive medical services in terms of the current Company medical aid scheme, which is extended to members of their families at retained clinics and hospitals. Efforts are continuously being made to ensure that working environments are safe.

Risks and Uncertainties

As explained in note 2(f) Going concern, the COVID-19 outbreak and resulting measures taken by government to contain the virus have already negatively affected economic activities. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer term impact on our business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact our business. The main risks that result from the current uncertain situation regarding COVID-19 are:

Revenues and profitability : The lockdown imposed by the government has negatively impacted economic activities and the company's ability to effectively generate revenue to meet both its fixed and variable costs in order to remain profitable.

Government assistance : The government through its emergency stimulus bill proposed a tax rebate of 50% for actual amount due or paid as PAYE taxes to companies that do not lay off employees till December 31, 2020. It is uncertain if the virus would have been contained by the time the rebate elapses, and the ability of the company to continue to benefit from such arrangement is dependent on its ability to generate adequate revenue to settle obligations to its employees.

Internal control : Working from home puts into question the effectiveness of traditional organizational control mechanisms based on direct supervision. It constitutes a disruptive event that triggers a dynamics of change in existing control structures. Additional measures have been put in place to mitigate the new risks (especially security and infrastructure risk) and the possibility of higher incident of errors in output.

Going concern : As explained in note 2(f) Going Concern, whilst uncertain, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

We have put the following measures in place to ensure that our business is not severely impacted:

Sales : Bancassurance Advisors will exit the Ecobank branches and work from home. All sales advisors have access to digital forms to aid new sales. Proposal forms and other client documentation are sent as a scanned copy via email. We have also focused our sales activities on aspects that do not require physical contacts like activating policies in Not-Taken-Up (NTU) statuses, etc.

Sales support/customer service : To ensure we maintain excellent customer experience we have initiated several customer contact and engagement platforms. These include email, WhatsApp, Calls, Social Media chat function. We have also instituted consistent communication to our customers on 'ways to reach us'. Further enhancements have been made to our online sales process through digital forms and placement of products on our website. An online claims initiation process has also been introduced through the website.

Meetings: We have implemented measures to maintain strict social distancing and avoid gatherings in large numbers, duly guided by the directives of the State and Federal Government. We have deployed the use of Microsoft Teams to coordinate all required meetings.

Auditors

The firm of Messrs. Deloitte and Touche, having satisfied the relevant corporate governance were appointed as auditors and this appointment was duly ratified by the shareholders at the Annual General Meeting of the Company held on the August 7, 2018.

Compliance with the code of best practices on corporate governance

The Directors confirm that they have reviewed the structure and activities of the Company in view of the Code of Best Practices on Corporate Governance for the Insurance Industry in Nigeria published in February 2009. The Directors confirm that the Company has substantially complied with the provisions of the Code of Best Practices on Corporate Governance with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

BY ORDER OF THE BOARD



Aderinola Adefulu

Company Secretary

FRC/2018/NBA/00000017907

06 July 2021

Statement of Directors' responsibilities in relation to the financial statements

The Directors of Old Mutual General Insurance Company Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") circulars.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

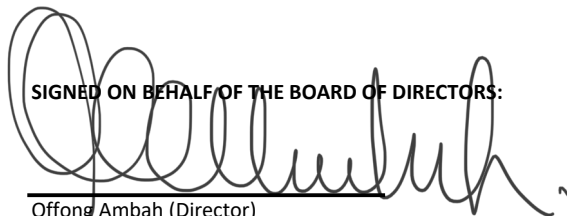
We state that management and directors:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certifies that company's internal controls are effective as of that date;

We have disclosed:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:



Offiong Ambah (Director)
FRC/2013/CISN/00000003487
06 July 2021



Olalekan Oyinlade (Managing Director)
FRC/2012/CIIN/00000000366
06 July 2021

Corporate Governance Report

a. Introduction

Old Mutual General Insurance Company Nigeria Limited (OMGICN) is a General Insurance Company and is committed to upholding high and established standards of good corporate governance prescribed by regulation particularly the National Insurance Commission (NAICOM) code of corporate governance, 2009. The Company has in place an effective corporate governance mechanism that ensures proper over-sight of its business by the Directors and other principal organs of the Company, and carries on its business in a manner that meets the expectations of all stakeholders.

b. Shareholding

	2020 % preference shareholding	2019 % preference shareholding	2020 % ordinary shareholding	2019 % ordinary shareholding
Shareholder				
Old Mutual Africa Holdings Limited	-	-	70	70
Cressida Nigeria Limited	-	-	30	30
Old Mutual West Africa Company Limited	100	100	N/A	N/A
Ecobank Development Corporation	-	-	-	-
Oboden Valentine Ibru	-	-	-	-
Total	100	100	100	100

c. Board of Directors

The tone for proper corporate governance is set by the Board. As at 31 December 2020, there were five (5) directors of the Company – the Chairman (Non-Executive), the Managing Director, two (2) Non-Executives, one (1) Independent Non-Executive with one (1) of the Non- Executive directors being representatives of Ecobank Development Corporation and Cressida Nigeria Limited respectively and one (1) being nominee of Old Mutual Africa Holdings Limited. The directors are knowledgeable, skilled, experienced, competent and experts in their various fields including legal, accounting, marketing/sales and finance.

The Board is primarily responsible for the overall success of the Company and its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Directors also ensure the strategic guidance and effective management of the Company as well as safeguarding the interests of the shareholders. There are at least four meetings held in a year (one meeting in each quarter). The Chairman, a non-executive director, is responsible for ensuring that the Board directs the Company effectively and retains the confidence of the shareholders and management.

d. Responsibilities of the Board

The Board is responsible for:

- Ensuring that the necessary financial and capital resources are in place for the Company in Nigeria so that it is able to meet its strategic objectives;
- Reviewing the performance of senior management and ensuring that the necessary human resources are in place;
- Providing input into the appointment, succession planning and, where necessary, the removal of Directors.
- Approving Schemes of Delegated Authority for the Company's operations in Nigeria; and
- Ensuring accountability to all its stakeholders.

The Board members who served on the Board during the financial year are as follows:

Board of Directors

NAME	POSITION
Offiong Ambah	Chairman
Olalekan Oyinlade	Managing Director
Japhet Duru*	Executive Director
Pieter Strydom	Independent Non-Executive Director
Mark Weston	Non-Executive Director
Olabode Ladenegan	Non-Executive Director
Johannes Gawaxab**	Non-Executive Director

*Japhet Duru Resigned on 17 July 2020

**Johannes Gawaxab Resigned on 18 May 2020

The Board meets at least every quarter but may hold extra-ordinary sessions to address urgent matters requiring the attention of the Board.

e. Board Committees

The Board carries out its oversight functions through its various Board Committees. This ensures efficiency and allows for a deeper attention to specific matters by the Board. The Committees are set up in line with statutory and regulatory requirements consistent with best practice.

Corporate Governance Report (cont'd)

Membership of the Committees of the Board is intended to make the best use of the skills, experience and expertise of non-executive directors in particular.

The Committees have well defined Terms of Reference defining their scope of responsibilities in such a way as to avoid an overlap of functions.

The Enterprise Risk Management and Governance Committee and Audit & Compliance Committee meet quarterly while the Finance, Investments and General Purpose Committee meets half-yearly but may hold extraordinary sessions as the business of the Company demands.

The following are the current standing Committees of the Board:

i. Finance, Investments and General Purpose Committee

The Finance, Investments and General Purpose Committee assists the Board in reviewing financial and operational matters, and evaluating the impact of budgetary control, as well as oversight on Information and Communication Technology of the business.

The Committee's membership includes:

Olabode Ladenegan - Chairman

Mark Weston

Johannes !Gawaxab**

***Johannes Gawaxab Resigned on 18 May 2020*

Committee's Terms of Reference

- Reviews, on behalf of the Board, the financial matters arising from business strategic planning;
- Considers the proposed annual budget/resource allocation and to make recommendations to the Board;
- Considers on an ongoing basis to the Board the financial viability of the Company in the short and long terms; and
- Any other matter that may be referred to it by the Board.

ii. Enterprise Risk Management and Governance Committee

The Enterprise Risk Management and Governance Committee reviews, on behalf of the Board, management's recommendation on risk in particular, in relation to the structure and implementation of business risk framework, including the quality and effectiveness of the internal controls, risk appetite, risk profile and capital management process.

The Committee's membership includes:

Mark Weston - Chairman

Pieter Strydom

Japhet Duru*

**Japhet Duru Resigned on 17 July 2020*

Committee's Terms of Reference

- Advises and makes recommendations to the Chief Risk Officer and the Company Secretary and onwards to the Board regarding the exposure, approach and management processes in place for all risks impacting the Company having regard to the agreed risk appetite;
- To set the risk appetite limit for the business, at least annually, review and make appropriate changes to the risk appetite with regard to the returns achieved by each operation and the overall risk appetite of the business;
- To review and discuss the risk management and compliance initiatives planned for the year;
- Reviews, monitors and challenges the business risk profile in terms of significant exposure, risk trend, losses, management actions and performance versus appetite, making recommendations to the Board where required;
- Oversees the application of regulatory risk standards and other regulatory changes as required; and
- Agrees and reviews annually, the risk strategy for the business (i.e. management of risk and the risk profile) in line with the overall risk appetite, making recommendations to the Board.

iii. Audit and Compliance Committee

The Committee assists the Board in discharging its corporate governance responsibilities for the integrity of the Company's financial statements and monitoring the effectiveness and objectivity of the internal and external auditors, as well as ensure compliance with Laws and Regulations.

The Committee's membership includes:

Pieter Strydom - Chairman

Olabode Ladenegan

Corporate Governance Report (cont'd)

Committee's Terms of Reference

- Reviews the principles, policies, practices adopted in the preparation of the accounts of the Company and ensures that the financial statements of the Company comply with all statutory and the Old Mutual Plc requirements;
- Reviews the activities of the Company's external and internal auditors in order to ensure the adequacy and effectiveness of the Company's financial, operating compliance and risk management controls;
- Monitors and reviews the effectiveness of the Company's Internal Audit function; and
- Reviews and monitors the integrity of the Company's annual financial statements and any other formal announcement relating to the Company's financial performance and if requested by the Board, and other price sensitive public reports by the Company to regulators) before submission to the Board, focusing particularly on:
 - Significant financial reporting, judgment and practices;
 - Quality and acceptability of, and any changes in accounting policies and practices; and
 - Significant adjustments and/or unadjusted differences resulting from the external audit.
- Appointment and determination of fees of the external auditors.

f. Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors, Board Committees and members' attendance at these meetings during the year under review:

	Board of Directors	Finance, Investments & General Purpose	Enterprise & Risk Management and Governance	Audit and Compliance Committee
Members				
Number of Meetings	4	2	4	4
Attendance				
Offiong Ambah	4	N/A	N/A	N/A
Olalekan Oyinlade	4	N/A	N/A	N/A
Japhet Duru*	4	N/A	2	N/A
Johannes Gawaxab**	4	1	N/A	N/A
Olabode Ladenegan	4	1	N/A	4
Pieter Strydom	4	N/A	4	4
Mark Weston	4	2	4	N/A

*Japhet Duru Resigned on 17 July 2020

**Johannes Gawaxab Resigned on 18 May 2020

Certification Pursuant To Section 405 Of Companies and Allied Matters Act 2020

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2020 that:

- (a)** We have reviewed the financial statement;
- (b)** To the best of our knowledge, the financial statement does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c)** To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the period presented in the report.
- (d)** We:
 - (i) Are responsible for establishing and maintaining internal controls.
 - (ii) Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the year in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e)** We have disclosed to the auditors of the Company and Audit Committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f)** We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Olalekan Oyinlade

FRC/2012/CIIN/00000000366

Managing Director



Adebayo Abolarin

FRC/2013/ICAN/00000003139

Head, Financial Control

Management Commentary and Analysis

Introduction

In compliance with regulatory requirements, to provide an insight into Old Mutual General Insurance Company Nigeria Limited's activities and to provide a full understanding of the Company's position, we have outlined a Management Commentary and Analysis (MC&A) report which is contained herein.

To facilitate wholesome understanding of the Company's position, it is advised that the contents of this MC&A be read in conjunction with the rest of the annual report including the full audited financial statements as well as the accompanying notes.

Nature of business

Old Mutual General Insurance Company Nigeria Limited (formerly Old Mutual Nigeria General Insurance Company Limited) is a private limited liability Company registered in Nigeria and licensed by the National Insurance Commission (NAICOM) to carry on general insurance business in the Nigerian market.

Business objective, strategy and overall performance

The Company's corporate objective is to build an entity that will operate at the high end of the industry, becoming one of the top three insurance companies in the country and an African Financial Services Champion. To achieve this, the Company ensures that there is strong organic growth through provision of excellent customer service, employment of qualified and passionate professionals and entrenching good corporate governance.

Performance indicators

Operating results and financial position

	31-Dec-20	31-Dec-19	Variance
	N'000	N'000	%
Gross written premium	2,855,101	2,104,386	36
Net premium income	1,222,572	755,385	62
Claims (expense)/recovery	(198,163)	409,373	(148)
Underwriting profit	917,462	1,196,271	(23)
Investment and other income	463,354	689,133	(33)
Operating expenses	(1,636,836)	(1,778,483)	8
(Loss)/Profit before tax	(294,238)	104,027	(383)
(Loss)/Profit after tax	(300,476)	124,781	(341)
Loss/earnings per share (kobo)	(10)	4	(350)
Diluted (loss)/earnings per share (kobo)	(4)	3	(233)

The Company experienced losses resulting from the tough economic conditions facing the country which has direct effect on the business. The Company experienced a 36% increase in its gross written premium in the current year, from N2.1 billion in 2019 financial year to approximately N2.8 billion in 2020.

The claims expense incurred by the Company in 2020 was N0.19 billion (2019: Recovery of N0.4 billion), an increase of N0.6 billion compared to prior year. This was as a result of claw back on savings in outstanding claims reserve compared to actual claim paid the previous year.

The underwriting profit for the year ended 31 December 2020, amounted to N0.9 billion compared to N1.2 billion earned during the prior year. This is largely attributable to the difficult economy condition during the year.

Investment and other income for the year amounted to approximately N463 million (2019: N689 million), an decrease of N225 million. This is mainly attributable to decrease in treasury bills yield during the year as compared to last year.

Operating expenses for the year totaled N1.636 billion (2019: N1.778 billion), a decrease of N142 million. This was due to the cautious approach to expenses in the face of the Covid -19 pandemic which worsened the economic outlook.

Liquidity, capital resources and risk factors

The Company is highly liquid as the cash, cash equivalents and investment in Nigerian government bonds and treasury bills forms a major part of its assets. The Company's cash investment is in accordance with its investment policy which is compliant with the regulatory requirements. At the end of December 2020, the Company had N496 million (2019: N882 million) invested in treasury bills and N3.9 billion in bonds (2019: N3.6 billion).

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Old Mutual General Insurance Company Nigeria Limited Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Old Mutual General Insurance Company Nigeria Limited set out on pages 34 to 71, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Old Mutual General Insurance Company Nigeria Limited as at 31 December, 2020 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter was the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contracts Loss Reserve	
Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities are adequate.	Our procedures included the following among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following:
As disclosed in notes 14 to the financial statements, the insurance contract liabilities for the Company amounted to N3.13 billion [2019: N2.89 billion]. This represents about 84% of Company total liabilities as at 31 December 2020.	- Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves.- Utilized information technology audit techniques to analyze claims

Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2020. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves.

At the end of each financial year, management employed the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.

through claims data plausibility checks and recalculation of claims development patterns.-

Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards.- Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines our actuarial specialists compared their re-projected reserves to those recorded by the company, and sought to understand any significant differences.- Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates.

Based on the work performed we determined the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves are reasonable and in line with financial reporting requirements and industry accepted practice.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Directors' Report, Result at a glance and MD/CEO's review, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, Insurance Act CAP 117 2004 and Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.
Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.



Report on Other Legal and Regulatory Requirements

In accordance with the fifth Schedule of Companies and Allied Matters Act and Insurance Act, CAP I17 LFN 2004 section 28 subsection 2, we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

No issue of non-compliance with laws and regulations came to our attention during the audit of the financial statements during the year.

A handwritten signature in black ink, appearing to read "Joshua Ojo".

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
7 July 2021



Engagement Partner: Joshua Ojo
FRC/2013/ICAN/00000000849

Company information and summary of accounting policies

1. Reporting Entity

Old Mutual General Insurance Company Nigeria Limited is a limited liability company registered in Nigeria by the Corporate Affairs Commission with registration number RC 255842 and registered office at 3rd floor, EDC building, 19A Adeola Odeku, Victoria Island, Lagos. The Company is licensed to transact general insurance business by the National Insurance Commission (NAICOM). The Company was incorporated in 1994 as Corporate Ideals Insurers Limited until 2006 when it was acquired by Oceanic Bank International Plc. The Company's life underwriting business was then transferred to a new Company - Oceanic Life Assurance Limited, now Old Mutual Nigeria Life Assurance Company Limited while the general business was subsequently renamed Oceanic Insurance Company Limited. In 2009, the Company's ownership was transferred to Ecobank Development Corporation (EDC) following the buy over of Oceanic Bank International Limited. Oceanic Bank subsequently transferred 2,999,999,998 shares to Cressida Nigeria Limited and 1 share to Ecobank Development Corporation. The Company is currently owned by Old Mutual Africa Holdings Limited - OMAH who acquired a 70% stake of the Company (Cressida Nigeria Limited transferred 2,100,000,000) in November 2013 while 30% was being retained by Cressida. Its principal activities include general insurance underwriting, claims payment and investments.

The Company changed its name from Oceanic Insurance Company Limited to Old Mutual Nigeria General Insurance Company Limited in 2013, then to Old Mutual General Insurance Company Nigeria Limited in 2016.

These financial statements were approved by the Board of directors and authorised for issue on 06 July 2021.

2. Basis of accounting

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRSs), the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity, summary of significant accounting policies and other explanatory information.

(b) Functional and presentation currency

The financial statements are presented in Naira, which is the Company's functional currency. Financial information presented in Naira have been rounded to the nearest thousands, except where otherwise indicated.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following items:

- financial instruments at fair value through profit or loss measured at fair value;
- investment properties measured at fair value;
- share based payment measured at fair value; and
- insurance contract liabilities measured at fair value.

(d) Use of estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4 of the financial statements.

(e) Reporting period

The financial statements have been prepared for a 12 month period.

(f) Going concern

The COVID-19 outbreak has developed rapidly in 2020 and measures taken by the government to contain the virus have negatively affected economic activities. The government imposed lockdown in the first quarter of 2020 affected topline performance; however, the business was able to recover in the third and fourth quarters. However, current impact on the business operations and result remain limited. The macroeconomic uncertainty due to the virus outbreak and the resulting government measures had caused disruption to economic activity, and it is unknown what the longer term impact on company operation. The COVID-19 virus can evolve in various directions. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on our liquidity.

Company information and statement of accounting policies (cont'd)

Management seeks to obtain the best possible information to enable it to assess these risks and implement appropriate measures to respond. Management have taken and will take a number of measures to monitor and mitigate the effects of the COVID-19 virus. These includes safety and health measures for employees (like social distancing and working from home), use of support made available by the government and other crisis management and business continuity measures for short, mid and long-term scenarios and regular communication to our key stakeholders.

Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted. Whilst uncertain, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Management seeks to obtain the best possible information to enable it to assess these risks and implement appropriate measures to respond. Management have taken and will take a number of measures to monitor and prevent the effects of the COVID-19 virus. These includes safety and health measures for employees (like social distancing and working from home) and communication to our key stakeholders. Planned actions include short-term lock-down of locations, use of support made available by the government and other crisis management and business continuity measures for short, mid and long-term scenarios.

Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted. Whilst uncertain, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

3. Summary of significant accounting policies

3.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations

A number of new standards, interpretations and amendments are effective for annual period beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- i Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- ii There is no substantive change to other terms and conditions of the lease.
- iii The amendment is not applicable to FBN General Insurance Limited as the company does not have operating leases qualified for the application of IFRS 16, hence it was not applied.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8 Definition of material -

The Company has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

New and revised IFRS Standards in issue but not yet effective

IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS Standards 2018 - 2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. In respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The standard is not applicable to the company.

3.3 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Significant accounting policies are defined as those that reflect significant judgments and uncertainties, and potentially give rise to different results under different assumptions and conditions.

Except for the considerations explained in Note 2(d) above, the Company consistently applied the following accounting policies to the periods presented in the financial statements.

(a) Insurance contract liabilities**(i) Classification**

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Company only enters into insurance contracts. Therefore, the Company's insurance contract liabilities represent its liability to the policy holders. Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deems liabilities reported as adequate. The liability comprises reserves for unearned premium, unexpired risk, outstanding claims and incurred but not reported claims.

Financial guarantee contracts are recognised as insurance contracts. Liability adequacy testing is performed to ensure that the carrying amount of the liability for financial guarantee contracts is sufficient.

At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

In accordance with IFRS 4, the Company has continued to apply its accounting policies on Insurance contracts under its previous Generally Acceptable Accounting Principles.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

Reserve for outstanding claims

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Reserve for incurred but not reported claims (IBNR)

A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report from registered actuary engaged by the Company.

Liability Adequacy Test

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is recognised in profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by QED Actuaries & Consultants (Pty) Ltd FRC/2018/NAS/00000012293, a recognised firm of actuaries.

Actuarial valuation

An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. All surpluses and deficits arising therefrom are charged to profit or loss.

(ii) Recognition and Measurement of Insurance contracts

Premium

Gross written premiums for general insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Company by insurance brokers and have been duly certified. Gross premiums are stated gross of commissions, taxes payable and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at

Reinsurance

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognised at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognised on the same basis as the acquisition costs incurred.

Premiums ceded, claims recovered and commission received are presented in the statement of profit or loss and statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Company will receive from the reinsurer.

Claims

Claims incurred comprise claims and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

(b) Revenue Recognition

(i) Gross Premium written

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognised at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium. Gross premium written and unearned premiums are measured in accordance with the policies set out in (a)(ii) of the statement of accounting policies.

(ii) Gross premium income

This represents the earned portion of premium received and is recognised as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of risk reinsured.

(iii) Fees and commission income

Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

(iv) Investment income

Investment income consists of dividends, interest and rental income on investment properties, interest income on loans and receivables, realised gains and losses as well as unrealised gains and losses on fair value assets. Rental income is recognised on an accrual basis.

(v) Interest income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(vi) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(vii) Realised gains and losses and unrealised gains and losses

Realised gains and losses on investments include gains and losses on financial assets and investment properties. Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost or fair value and are recorded on occurrence of the sale transaction.

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

(viii) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income, profit on disposal of property and equipment, salvage recoveries and other sundry income.

(c) Expense Recognition

(i) Claims expenses

Claims expenses consist claims and claims handling expenses incurred within the reporting period, less the amount recoverable from the reinsurance companies.

(ii) Insurance claims and claims incurred

Gross benefits and claims consist benefits and claims paid / payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

Salvage

Some non-life insurance contracts permit the Company to sell (usually damaged) property recovered in the process of settling a claim. Salvage income is recognised when the Company sells the property it reclaimed from the insured.

Subrogation

Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of receiving the amount of the claim paid to the insured for the loss. Subrogation income is recognised when the Company reclaims claims paid from the third party.

(iii) Underwriting expenses

Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to profit or loss as they accrue or become payable.

(iv) Management expenses

Management expenses are recognised in profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

(d) Reinsurance assets

The Company cedes reinsurance in the normal course of business in order to limit its net loss potential for losses arising from certain exposures. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for these policies. However, reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets include balances due from various reinsurance companies for ceded insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying reinsurance contract.

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises the impairment loss in profit or loss.

(e) Trade receivables

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

Individual reinsurance receivables that are identified as impaired are assessed for specific impairment. All other reinsurance receivables are assessed for collective impairment. The model for collective impairment is based on incurred loss model. The probability of default and the age of the debts are also taken into account in arriving at the impairment amount. When an insurance receivable is considered uncollectible, it is written off against the impairment allowance account. Trade receivables are classified as loans and receivables and subsequently measured at amortised cost.

(f) Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business which had not expired at the reporting date, are deferred by recognizing an asset. Acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

(g) Foreign currency transactions

The Nigerian Naira is the Company's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date. Insurance and reinsurance contracts that generate cashflows in foreign currency are treated as monetary items.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank and call deposits and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and used by the Company to manage its short term commitments. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

(i) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Company information and statement of accounting policies (cont'd)

The Company classifies financial instruments or their components parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on annual basis.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Company commits to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. These transaction costs are expensed in the income statement.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the company's is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the company's expects to receive from the holder, the debtor or any other party.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company's measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial instruments

Previously recognised financial assets are derecognised when either the contractual rights to receive the cash flows from these assets have ceased to exist or the assets expire or the Company transfers the assets such that the transfer qualifies for derecognition. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks, rewards and control tests.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or repledge them.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

Company information and statement of accounting policies (cont'd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge

General hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about a Company's risk management activities have also been introduced.

Financial assets

a) Classification and subsequent measurement

Financial assets are classified into the following categories: fair value through profit or loss, fair value through comprehensive income and amortised cost. The classification by the Company is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

i) Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss upon initial recognition

Other financial assets designated as at fair value through profit or loss at initial recognition are those that are:

- Separate assets held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

ii) Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

In the current and prior reporting period the Company has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and

for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve.

iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the market approach (transaction price paid for an identical or a similar instrument). This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the reporting date.

For more complex instruments the company uses internally developed models which are usually based on valuation models and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted debt securities for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions. The impact of financial instruments valuation reflecting non-market observable inputs (Level 3 valuations) is disclosed in the note to the financial statements.

v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

vi) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- debt investment securities;
- lease receivables;
- deposit with other financial institutions

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for debt instruments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

(vii) Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay credit obligations and a back-stop if amounts are overdue for 90 days or more.

(viii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

(ix) Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(x) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing: the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(xi) Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(xii) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision.

(xiii) Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

(xiv) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

- A financial liability is classified as held for trading if:
 - it has been incurred principally for the purpose of repurchasing it in the near term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
 - it is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:
 - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
 - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
 - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account. The company does not have any financial liabilities at fair value through profit or loss at the reporting date.

(ii) Other financial liabilities

Other financial liabilities, including borrowings, is initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

(j) Trade and other payables**Trade payables**

Trade payables are recognised when due. These include amounts due to agents, reinsurers, co-assurers and insurance contract holders. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

Accruals and other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

(k) Other receivables and prepayments

Other receivables balances include dividend receivable, intercompany balances and accrued investment income. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to their receivables via periodic review.

Prepayment are essentially prepaid rents and prepaid employee benefits. Other receivables and prepayments are carried at cost less accumulated amortisation and impairment losses.

(l) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation (including property under construction for such purposes) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Investment properties are measured initially at cost plus any directly attributable expenses.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values of the investment properties are evaluated and assessed annually by an accredited external valuer.

De-recognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the period of de-recognition. The carrying amount of the asset represents the fair value of the asset as at the date of the latest valuation before disposal.

Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

(m) Property and equipment

Recognition and measurement

All items of property and equipment are initially recognised once they are available for use, at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Property and equipment comprise motor vehicles, office furniture, office equipment and computer equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss when incurred. Subsequent costs on replacement parts on an item of property are recognised in the carrying amount of the replaced or the renewed component.

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Office furniture and fittings	5 years
Motor vehicles	4 years
Office equipment	5 years

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss of the year that the asset is de-recognised as other income.

Impairment

The carrying amounts of the Company's non-financial assets are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount. Assessment for impairment is carried out annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

(n) Income and deferred tax

(i) Current tax

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year. Taxable profit differs from profit as reported in the Company's statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development levy at 1% of accounting profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(o) Statutory deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, Laws of the Federation of Nigeria, 2004 for the general insurance companies. The deposits are only available as a last resort to the Company if it goes into liquidation. Statutory deposits are measured at amortised cost.

(p) Hypothecation of assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 such that policyholders' assets and funds are not co-mingled with shareholders'. In particular, investment properties, investment securities (equities and fixed income securities) and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

The assets hypothecated are shown in the financial statements, note 33.

(q) Deferred income

Deferred income comprises deferred rental income and deferred commission income. Deferred rental income relates to rents received in advance. These are amortised and transferred to the statement of profit or loss over the periods that they relate.

Deferred commission income relates to commissions received on ceded reinsurance businesses but not yet earned as at reporting date. Deferred commission income are amortised systematically over the life of the contracts at each reporting date.

(r) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(s) Employee benefits liabilities

(i) Short-term benefits

Staff benefits such as wages, salaries, paid annual leave allowance, and non-monetary benefits are recognised as employee benefit expenses. The expenses are accrued when the associated services are rendered by the employees of the Company.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The Company and employees contribute 10% and 8% respectively (2018: 10% and 8%) each of the qualifying monthly emoluments in line with the Pension Reform Act.

(a) The Company's monthly contribution to the plan is recognised as an expense in profit or loss as part of staff cost. The Company remits contributions to privately administered pension fund administrators on a monthly basis. The Company has no further payment obligation once the contributions have been remitted. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b) Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Cash settled share based payments

The Company has implemented a deferred cash allocation scheme (cash settled share based payment) to defer a portion of incentive bonuses for Nigerian key management staff above a certain level and it is subject to mandatory deferral of a percentage of their cash.

The value of the deferred bonus is indexed to Old Mutual Limited's share price and accrued dividends (determined based on the number of hypothetical shares) during the vesting period which are payable bi annually. Vesting of the deferred bonus occurs in three years, conditional on continued employment at that time.

The services received in cash-settled share based payment transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the liability is measured at the fair value of the awards or options, by applying the Old Mutual Limited's share price as listed on the Johannesburg Stock Exchange to the number of shares as at year end, taking into account terms and conditions on which the share awards were granted, and the extent to which the employees have rendered services to date.

(t) Capital and reserves

(i) Ordinary share capital

The equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument. Equity instruments issued by the Company are recognised as the proceeds are received, net of direct issue costs.

(ii) Preference share capital

The Company's non-redeemable preference shares are classified as equity. They bear zero coupon (no discretionary dividends), but require conversion at a future determinable date.

(iii) Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

(iii) Contingency reserve

The Company maintains contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003. In compliance with this regulatory requirement, the Company maintains contingency reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

(iv) Retained earnings

The reserve comprises undistributed profit/(loss) from previous years and the current year. Retained earnings is classified as part of equity in the statement of financial position.

(v) Deposit for shares

Deposit for shares represents financial instruments that do not meet the definition of financial liabilities and are classified as equity. The instruments neither put the Company under any obligation to deliver cash or other financial assets to another party nor require the exchange of its financial assets or financial liabilities with another party under potentially unfavourable conditions but are to be settled by delivering a fixed number of Company's equity instruments to the other party.

(u) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as a lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Company's statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(v) Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Company that are regularly reviewed by the Chief Executive who allocates resources to the segment and assesses their performance thereof.

The Company's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Motor;
- Accident;
- Marine;
- Engineering;
- Fire;
- Bond
- Aviation; and
- Oil & gas.

This is the measure used by the Company's Chief Executive for the purposes of resource allocation and assessment of segment performance.

(w) Earnings/loss per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is likely to crystallize.

4. Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assumptions and estimation uncertainties

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised thus:

- in the period in which the estimate is revised, if the revision affects only that period, or
- in the period of the revision and future periods, if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes;

- Note 3.3(i)(vi) - Determination of fair value
- Note 3.3(n)(ii) - Recognition of deferred tax assets, availability of future taxable profits against which carry forward losses can be used
- Note 3.3(a) - Reserves for insurance contract liabilities.

Judgements

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

(a) Liabilities arising from insurance contracts

(i) Claims arising from insurance contracts

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occur during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The sensitivity triangulations for insurance contract liabilities are included in Note 5 (b) (iv).

(b) Fair value of financial assets

The directors are required to make judgment in selecting an appropriate valuation technique for some financial assets. The significant estimates and judgments applied in determination of fair value of financial assets are as shown in the statement of accounting policies note 3(i)(iv).

(c) Determination of fair value of investment properties

Fair value of investment properties is determined by a registered estate valuer using market prices of properties in similar locations and industry information on rent. Factors applied are determined by estimation of certainty.

(d) Impairment of financial and non - financial assets

Management's judgment is required to assess and determine the amount of impairment for financial assets carried at amortized costs as well as the amount of impairment for trade receivables. The significant estimates and judgments applied in assessing the impairment on financial assets are as shown in the statement of accounting policies note 3(i)(vi).

Company information and statement of accounting policies (cont'd)

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and recognised in other comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase and recognised in other comprehensive income.

(e) Current tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as:

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria,

the profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes-

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

The Directors have adopted current tax practices in computing the tax liabilities. Actual results may differ from these estimates based on the interpretation by the tax authorities. The Directors acknowledge that changes in the application of the current tax practices can have a significant impact on the tax expense and tax liabilities recorded in the financial statements.

(f) Recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that in management's judgements it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that the related tax benefit will be realised. The Company used the balance sheet method to ascertain the deferred tax position.

(g) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. There were no adjustments to the useful lives of property and equipment during the year.

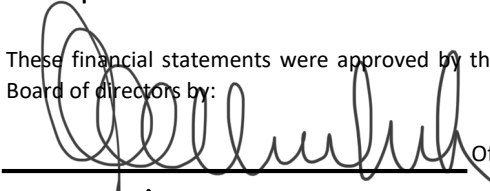
(h) Determination of impairment of property and equipment, and intangible assets


Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Company applies the impairment assessment to its separate cash generating units. This requires management to make judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed. An impairment review was conducted and no impairment was required on any item of property and equipment.


Statement of Financial Position

		31-Dec-2020	31-Dec-2019
	Note	N'000	N'000
<u>ASSETS</u>			
Cash and cash equivalents	6	3,101,161	909,212
Financial assets	7	4,342,358	3,940,638
Trade receivables	8	19,542	80,859
Reinsurance assets	9	1,677,401	1,372,139
Deferred acquisition costs	10	117,295	69,500
Other receivables and prepayments	11	49,484	88,255
Property and equipment	12	28,137	32,128
Statutory deposits	13	500,000	320,000
Deferred tax assets	18	-	-
Total assets		9,835,377	6,812,731
<u>LIABILITIES</u>			
Insurance contract liabilities	14	3,130,248	2,890,652
Trade payables	15	76,808	124,549
Accruals & other payables	16	467,239	562,606
Income tax payable	17(c)	6,238	14,363
Deferred tax liabilities	18	-	-
Total liabilities		3,680,533	3,592,170
<u>EQUITY</u>			
Share capital	19	3,000,000	3,000,000
Preference share capital	19	13,599	5,512
Share premium	20	5,526,050	2,299,377
Contingency reserve	21	1,219,164	1,133,511
Retained earnings	22	(3,603,968)	(3,217,839)
Total equities		6,154,845	3,220,561
Total equities and liabilities		9,835,377	6,812,731

These financial statements were approved by the Board of Directors on 06 July 2021 and signed on behalf of the Board of directors by:


 Offiong Ambah (Director)
 FRC/2013/CISN/00000003487


 Olalekan Oyinlade (Managing Director)
 FRC/2012/CIIN/00000000366

Additionally certified by: 
 Abolarin Adebayo (Head, Financial Control)
 FRC/2013/ICAN/00000003139

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Note	31-Dec-2020 N'000	31-Dec-2019 N'000
Gross premium written:	23	2,855,101	2,104,386
Change in the provision for unearned premium	23	(360,007)	(59,680)
Gross premium income	23	2,495,094	2,044,706
Reinsurance expenses	24	(1,272,522)	(1,289,321)
Net premium income		1,222,572	755,385
Fees and commission income	25	307,302	343,046
Net underwriting income		1,529,874	1,098,431
Claims (expenses)/income	26	(198,163)	409,373
Underwriting expenses	27	(414,248)	(311,533)
		(612,411)	97,840
Underwriting profit		917,462	1,196,271
Investment income	28(d)	544,184	641,602
Other operating income	29(a)	17,314	63,449
Other operating expenses	29(b)	(98,144)	(15,918)
		463,354	689,133
Net income		1,380,816	1,885,404
Foreign exchange loss	30	(38,219)	(2,894)
Operating expenses	31(a)(b)	(1,636,836)	(1,778,483)
		(1,675,055)	(1,781,377)
(Loss)/Profit before taxation		(294,238)	104,027
Income taxes	17(a)	(6,238)	(11,562)
Deferred tax	17(a)	-	32,316
(Loss)/Profit after taxation		(300,476)	124,781
<i>Items that may be reclassified to income statement</i>		-	-
<i>Items that will not be reclassified to income statement</i>		-	-
Total comprehensive income attributable to shareholders		(300,476)	124,781
(Loss)/Earnings per share - basic (kobo)	32(a)	(10)	4
(Loss)/Earnings per share - diluted (kobo)	32(b)	(4)	3

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended

31 December 2020

	Ordinary Share capital N'000	Preference share capital N'000	Share Premium N'000	Contingency Reserve N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2020	3,000,000	5,512	2,299,377	1,133,511	(3,217,839)	3,220,560
Loss for the year	-	-	-	-	(300,476)	(300,476)
Other comprehensive loss	-	-	-	-	-	-
<i>Total comprehensive Loss for the year</i>	-	-	-	-	(300,476)	(300,476)
Transfer to and from contingency reserve (see notes 22 & 23)	-	-	-	85,653	(85,653)	-
Transactions with owners						
Deposit for shares	-	-	-	-	-	-
<i>Issue of preference shares</i>	-	8,087	3,226,673	-	-	3,234,760
Total transaction with owners	-	8,087	3,226,673	-	-	3,234,760
Balance at 31 December 2020	3,000,000	13,599	5,526,050	1,219,164	(3,603,968)	6,154,845

31 December 2019

	Ordinary Share capital N'000	Preference share capital N'000	Share Premium N'000	Contingency Reserve N'000	Retained Earnings N'000	Total Equity N'000
Balance at 1 January 2019	3,000,000	1,710	782,290	1,070,379	(3,279,488)	1,574,891
Profit for the year	-	-	-	-	124,781	124,781
Other comprehensive income	-	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	-	-	124,781	124,781
Transfer to and from contingency reserve (see notes 22 & 23)	-	-	-	63,132	(63,132)	-
Transaction with owners:						
<i>Issue of preference shares</i>	-	3,802	1,517,087	-	-	1,520,889
Total Transaction with owners	-	3,802	1,517,087	-	-	1,520,889
Balance at 31 December 2019	3,000,000	5,512	2,299,377	1,133,511	(3,217,839)	3,220,561

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the year ended

	Note	31-Dec-2020 N'000	31-Dec-2019 N'000
Cash flows from operating activities:			
Insurance premium received from policy holders	8(a)	2,916,418	2,053,791
Reinsurance receipts in respect of claims	9(e)	803,323	107,736
Reinsurance commission received	25(a)	295,394	453,993
Reinsurance premium paid	24(a)	(1,374,965)	(1,551,308)
Commission paid	27(b)	(414,886)	(304,430)
Unallocated inflows	16	39,600	113,737
Cash paid to employees, intermediaries and other suppliers		(2,021,032)	(1,831,083)
Insurance claims paid	26(a)	(1,112,822)	(1,729,055)
Other (expenses)/income	29	(80,831)	63,449
Income taxes paid	17(c)	(14,363)	(110,161)
Net cash from operating activities		(951,537)	(2,733,330)
Cash flows from investing activities:			
Purchases of property and equipment	12	(16,497)	(8,896)
Proceeds from disposal of property and equipment	12(f)	1,084	-
Proceed from disposal of investment properties		-	660,000
Proceed from disposal of equity investment	7(a)	77,264	-
Proceeds from maturity of investments	7(b)	3,660,687	4,050,512
Acquisition of other investments	7(b)	(4,154,968)	(3,490,357)
Proceed from mortgage loan repayment	7(c)	1,123	3,434
Dividend received	11(b)(i)	12,204	13,700
Statutory deposit with CBN	13	(180,000)	-
Interest income on cash and cash equivalents	28(a)	15,805	8,190
Interest income on deposits with credit institutions	28(a)	41,751	24,264
Rental income from investment properties	28(a)	-	2,000
Investment income	7(b)	488,492	496,832
Deposit for preference shares	16	12,627	-
Net cash used in investing activities		(40,428)	1,759,679
Cash flows from financing activities:			
Proceeds from issue of preference shares	34(b)(ii)	3,234,760	1,520,889
Net cash used in financing activities		3,234,760	1,520,889
Net increase in cash and cash equivalents		2,230,168	547,237
Cash and cash equivalents at beginning of year		909,212	364,869
Effect of exchange rate movement in cash held	30	(38,219)	(2,894)
Cash and cash equivalents at end of year		3,101,161	909,212

The statement of significant accounting policies and the accompanying notes form an integral part of these financial

5. Financial Risk Management

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability of businesses in Nigeria.

In a sustained economic phase of low growth, characterized by rising unemployment, lower household income, declining corporate earnings, lower business investment and lower consumer spending, the demand for financial and insurance products could be adversely affected.

The Company's risk management process includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets and minimizing costs associated with liabilities. Risk range limits are established for each type of risk including financial risk, and are approved by the Board's Investment Committee and subject to ongoing review.

The Company's risk management strategy is an integral part of managing the Company's core businesses, and utilizes a variety of risk management tools and techniques such as:

- Measures of price sensitivity to market changes (e.g., interest rate and foreign exchange rate);
- Control assessment, policy compliance testing and periodic internal audit, and;
- Risk management governance, including risk oversight committee, policies and guidelines, and approval limits.

In addition, the Company monitors and manages the financial risks relating to the operations of the organization through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit / counterparty risk, liquidity risk as well as the underlying operational and legal & regulatory risks.

(a) Financial asset valuation basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, analysed into Levels 1 to 3 based on the degree to which the fair value is observable.

31 December 2020		Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000
Financial Assets:					
<i>Fair value through profit or loss:-</i>					
Quoted equity shares	7(a)	230,192	-	-	230,192
Total financial assets measured at fair value		230,192	-	-	230,192

Financial Risk Management (Cont'd)

31 December 2019		Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Financial Assets:					
<i>Fair value through profit or loss:-</i>					
Quoted equity shares	7(a)	291,164	-	-	291,164
Total financial assets measured at fair value		291,164	-	-	291,164

Financial instruments not measured at fair value

IFRS 9 disclosures are provided for trade receivables, other receivables, trade payables, accruals and other payables that are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and current balances with banks.

The carrying amounts of current balances with banks and other financial institutions is a reasonable approximation of fair value which is the amount receivable on demand.

Financial assets at amortized cost

The fair value of held to maturity treasury bills are determined with reference to quoted prices in active market for identical assets, valued using market prices of individual securities at the reporting date. Where this information is not available, fair value is estimated using quoted market prices for securities with similar characteristics. The fair value of treasury bills is determined as quoted on the Financial Market Dealers Quotation (FMDQ).

Loans and receivables

Loans and receivables consist of staff mortgage loans. The estimated fair value of staff mortgage loans represents the market values of the loans, arrived at by recalculating the carrying amount of the loans using the estimated market rate. It represents a reasonable approximation of fair value.

Trade receivables and other receivables

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on demand.

Trade payables, accruals and other payables

The carrying amounts of trade payables, accruals and other payables are reasonable approximation of their fair values which are repayable on demand.

(b) Risk Categorisation

The Company is exposed to the following categories of risk as a consequence of offering different financial products and services by the Company;

(i) Market risk

This reflects the possibility that the value of the Company's investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises of currency risk, interest rate risk and price risk.

The Company seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board. A description of the risks associated with the Company's principal products and the associated control techniques is detailed below;

Foreign Currency risk

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Company accepts receipt of premiums in foreign currency, in addition to Naira, from its clients; hence, exposures to exchange rate fluctuations arise. The Company is exposed to foreign currency denominated in dollars through a domiciliary bank balance.

Foreign exchange risk arises from other recognised assets and liabilities denominated in currencies, other than the Naira.

The Company's net exposure to foreign exchange risk as at year end amounted to approximately N85 million (2019: N117 million) arising from USD, Pounds and Euro denominated cash and bank balances.

Financial Risk Management (Cont'd)

The carrying amounts of the Company's foreign currency denominated assets and liabilities are as follows:

31 December 2020

	Pounds sterling N'000	Euro N'000	US Dollar N'000	Total N'000
Assets				
Cash & cash equivalents	3,914	10,123	70,916	84,952
Financial assets (amortized cost))			697,213	697,213
Liabilities				
Insurance contract liabilities	-	-	(370,682)	(370,682)
	3,914	10,123	397,447	411,484

31 December 2019

	Pounds sterling N'000	Euro N'000	US Dollar N'000	Total N'000
Assets				
Cash & cash equivalents	3,060	7,864	14,938	25,862
Financial assets (amortized cost)			608,079	608,079
Liabilities				
Insurance contract liabilities	-		(516,602)	(516,602)
	3,060	7,864	106,415	117,339

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

The following tables show the effect on the profit before tax as at 31 December 2020 from N543.60/£, N485.96/€ and N397.81/\$ closing rate. These closing rates were determined from the Old Mutual Groups exchange rate schedule as at 31 December 2020.

31 December 2020

	Base N'000	Pounds sterling N'000	Euro N'000	US Dollars N'000	Total N'000
10% increase	411,484	391	1,012	39,745	41,148
10% decrease	411,484	(391)	(1,012)	(39,745)	(41,148)

Impact of increase on:

Shareholders' Equity 6,154,845 6,155,236 6,155,857 6,194,589

Impact of decrease on:

Shareholders' Equity 6,154,845 6,154,453 6,153,832 6,115,100

31 December 2019

	Base N'000	Pounds sterling N'000	Euro N'000	US Dollars N'000	Total N'000
10% increase	117,339	306	786	10,642	11,734
10% decrease	117,339	(306)	(786)	(10,642)	(11,734)

Impact of increase on:

Shareholders' Equity 3,282,210 3,282,516 3,282,996 3,292,852

Impact of decrease on:

Shareholders' Equity 3,282,210 3,281,904 3,281,424 3,271,568

Financial Risk Management (Cont'd)

Interest rate risk

The Company's exposure to interest rate risk relates primarily to the market price and cash flow variability of assets and liabilities associated with changes in interest rates. Changes in interest rates result to reduction in income 'spread' or the difference between the amounts that the Company is required to pay under the contracts and the rate of return the Company is able to earn on investments intended to support obligations under the contracts. Investment spread is, arguably, one of the key components of the net income of insurers.

The Company's mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a weighted average duration or tenor approximately equal to the duration of our liability cash flow profile.

Also, the Company manages this risk by adopting close asset/liability matching criteria, to minimize the impact of mismatches between asset and liability values arising from interest rate movements.

Furthermore, the Company uses sensitivity analytics to measure the impact of interest rate changes and movements on the value of our financial assets scenarios.

The Company exposure to interest rate risk is limited to changes in fixed income and money market instruments interest rates. These instruments have fixed interest rates.

Interest rate profile

At the end of the reporting period the interest rate profile of the Company's interest bearing financial instruments as reported to the Management of the Company are as follows:

Financial instruments (Excluding ECL)	Notes	31-Dec-20 N'000	31-Dec-19 N'000
Cash and cash equivalents	6	3,109,740	909,212
Financial assets (amortized cost)	7(b)	4,124,609	3,660,687
Staff loans	7(c)	5,626	4,503
Statutory deposits	13	500,000	320,000
		7,739,975	4,894,403

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

31 December 2020		Interest rate				100 bp Increase	100 bp Decrease
		Base N'000	Average interest	+1%	-1%	N'000	N'000
Interest income -placements	28(a)	15,805	13%	14%	12%	17,385	14,224
Interest income -financial assets (amortized cost)	28(a)	458,133	16%	17%	15%	503,946	412,320
Interest income - statutory deposits	28(a)	41,751	13%	14%	12%	45,926	37,576
Total interest income		515,688				567,257	464,119
Impact on interest income decrease(increase)						(51,569)	51,569

31 December 2019			Interest rate		100 bp Increase	100 bp Decrease	
		Base N'000	Average interest	+1%	-1%	N'000	N'000
Interest income -placements	28(a)	8,190	13%	14%	12%	9,009	7,371
Interest income -financial assets (amortized cost)	28(a)	667,162	16%	17%	15%	733,878	600,446
Interest income - statutory deposits	28(a)	24,264	13%	14%	12%	26,690	21,838
Total interest income		699,616				769,578	629,654
Impact on interest income decrease(increase)						(69,962)	69,962

Other price risk management

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for return through dividend income and capital appreciation.

The carrying amounts of the Company's equity investments are as follows:

		31-Dec-20 N'000	31-Dec-19 N'000
Equity Securities: - Listed	7(a)	230,192	291,164

Financial Risk Management (Cont'd)

Equity price sensitivity analysis

The sensitivity analyses set out below show the impact of a 10% increase and decrease in the value of equities on loss before tax and shareholders' equity based on the exposure to equity price risk at the reporting date.

	Base N'000	31-Dec-20 N'000	Base N'000	31-Dec-19 N'000
10% increase	230,192	23,019	291,164	29,116
10% decrease	230,192	(23,019)	291,164	(29,116)

Impact of increase on:

Shareholders' equity	6,154,845	6,177,864	3,220,561	3,249,677
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Impact of decrease on:

Shareholders' equity	6,154,845	6,131,825	3,220,561	3,191,445
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(ii) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance program and receivables from reinsurers and other intermediaries.

The Company has adopted a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Company uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Reinsurance assets are reinsurers' share of outstanding claims and reinsurance receivables. They are allocated below on the basis of ratings for claims paying ability.

Loans and receivables from policyholders, agents and intermediaries generally do not have a credit rating.

The following table shows aggregated credit risk exposure for assets with external credit ratings (Fitch Rating Inc. and Global Credit rating - GCR):-

Analysis of financial assets based on credit risk grades:

31 December 2020	Notes	AAA N'000	A+ N'000	A- N'000	B+ N'000	B- N'000	Not rated N'000	Carrying Amount N'000
Loans and receivables:								
- Staff loans	7(c)	-	-	-	-	-	5,514	5,514
Other receivables	11(b)	-	-	-	-	-	8,383	8,383
Trade receivables	8	-	-	-	-	-	-	-
Reinsurance assets	9	-	-	-	-	-	910,283	910,283
Cash and cash equivalents:								
Cash and cash equivalents (less cash in hand)	6	305,769	-	-	676,216	2,119,176	-	3,101,161
Financial assets (at amortized cost)	7(b)	-	-	-	-	4,106,652	-	4,106,652
Statutory deposits	13	-	-	-	-	500,000	-	500,000
		305,769	-	-	676,216	6,725,828	924,180	8,631,993
31 December 2019	Notes	AAA N'000	AA N'000	A+ N'000	A- N'000	B+ N'000	Not rated N'000	Carrying Amount N'000
Loans and receivables:								
- Staff loans	7(c)	-	-	-	-	-	4,503	4,503
Other receivables	11(b)	-	-	-	-	-	71,435	71,435
Trade receivables	8	-	-	-	-	-	-	-
Reinsurance assets	9	-	-	-	-	-	919,357	919,357
Cash and cash equivalents:								
Cash and cash equivalents (less cash in hand and cash in transit)	6	-	-	-	-	-	909,212	909,212
Financial assets (at amortized cost)	7(b)	-	-	-	608,368	3,052,320	-	3,660,688
Statutory deposits	13	-	-	-	-	320,000	-	320,000
		-	-	-	608,368	3,372,320	1,904,507	5,885,196

Financial Risk Management (Cont'd)

Analysis of financial assets based on past due status

		Loans and receivables	Recoverable from coinsurers	Recoverable from reinsurers	Other receivables	Trade receivables
	Notes	N'000	N'000	N'000	N'000	N'000
31 December 2020						
Past due and impaired (specific)		-	-	-	71,435	-
Past due more than 90 days	11(b)	-	-	-	8,383	-
Past due 31 to 90 days		-	-	-	-	-
Past due less than 30 days	8	-	-	-	-	19,542
Neither past due nor impaired	9(c)	5,626	104,794	805,489	-	-
Expected Credit Loss		(128)	-	-	-	-
Total Carrying Amount		5,498	104,794	805,489	79,818	19,542
31 December 2019						
Past due and impaired (specific)		-	-	-	-	-
Past due more than 90 days		-	-	-	-	-
Past due 31 to 90 days	9, 11(b)	-	-	-	71,435	-
Past due less than 30 days	8	-	-	-	-	80,859
Neither past due nor impaired	7(c)	4,503	121,827	797,530	-	-
Expected Credit Loss		(128)	-	-	-	-
Total Carrying Amount		4,375	121,827	797,530	71,435	80,859

(iii) Liquidity risk

The Company's principal objective in managing our liquidity and our capital resources is to maximize the returns on capital to shareholders, while enabling us to pay claims, pay dividends, pay staff and fulfill our statutory obligations to our regulators and the different tiers of government in the environment in which we operate. Effective and prudent liquidity is a priority across the Company.

Management monitors the liquidity of Old Mutual General Insurance Company Nigeria Limited on a daily basis and projects the financial needs over a multi-year time horizon through quarterly budget and review process. We believe that the cash flows from the sources of fund available to the Company are sufficient to satisfy the current liquidity requirements of the Company, including under reasonably foreseeable stress scenarios.

In managing our liquidity (and of course our capital), we seek to:

- Match the profile of our assets and liabilities, taking into account the risks inherent in each line of product;
- Maintain financial strength to support new business growth whilst still satisfying the requirements of policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity; and
- Allocate liquid resources efficiently to support growth while we pay claims and other commitments promptly.

Sources of liquidity

In managing our cash flow position, we have a number of sources of liquidity, including the following principal sources:

- Premium Income;
- Investment income
- Investment maturities

Application of funds

The principal uses of our liquidity include:

- Payment of claims
- Payment of staff benefits;
- Purchase of investments; and
- Payment in connection with financing activities.

In practice, most of the Company's assets are marketable securities which could be converted into cash when required.

Maturity profile

The following table shows the Company's expected maturity for its non-derivative assets. The table has been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

It also shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. It includes both interest and principal cash flows.

It should be noted that unit-linked assets and liabilities and reinsurers' share of unearned premiums are excluded from this analysis.

The following table details the Company's expected maturity for its non-derivative assets. The tables below have been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period. Reinsurers' share of unearned premiums are excluded from this analysis.

Financial Risk Management (Cont'd)

31 December 2020	Notes	Carrying amount	Contractual cashflow	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years
<i>Non-derivative financial assets</i>		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	6	3,101,161	3,109,741	3,109,741	-	-	-	-
Financial assets (amortized cost)	7(b)	4,106,652	4,124,609	-	63,193	1,090,196	2,971,220	-
Fair value through profit or loss (FVTPL)	7(a)	230,192	230,192	-	-	-	-	230,192
Loans and receivables	7(c)	5,514	5,626	150	450	1,800	3,226	-
Reinsurance assets - recoverable from reinsurers	9	910,283	910,283	-	-	910,283	-	-
Other receivables (less prepayments)	11(b)	8,383	8,383	-	8,383	-	-	-
		8,362,185	8,388,833	3,109,891	72,026	2,002,278	2,974,446	230,192
<i>Non-derivative financial liabilities</i>								
Trade payables	15	76,808	76,808	76,808	-	-	-	-
Insurance Contract Liabilities	14	1,671,886	1,671,886	27,585	387,369	248,838	1,008,094	-
Accruals & other payables	16	212,433	212,433	212,433	-	-	-	-
		1,961,128	1,961,128	316,827	387,369	248,838	1,008,094	-
Gap (asset - liabilities)		6,401,057	6,427,705	2,793,064	(315,343)	1,753,440	1,966,352	230,192
Cumulative liquidity gap				2,793,064	2,477,720	4,231,161	6,197,513	6,427,705
31 December 2019								
<i>Non-derivative financial assets</i>		N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	6	909,212	909,212	909,212	-	-	-	-
Financial assets (amortized cost)	7(b)	3,644,971	3,660,687	-	-	58,458	3,602,229	-
Fair value through profit or loss (FVTPL)	7(a)	291,164	291,164	-	-	-	-	291,164
Loans and receivables	7(c)	4,503	4,503	283	849	3,371	-	-
Reinsurance assets - recoverable from reinsurers	9	919,357	919,357	-	-	919,357	-	-
Other receivables (less prepayments)	11(b)	71,435	71,435	-	71,435	-	-	-
		5,840,642	5,856,358	909,495	72,284	981,186	3,602,229	291,164
<i>Non-derivative financial liabilities</i>								
Trade payables	16	124,549	124,549	124,549	-	-	-	-
Insurance Contract Liabilities	15	1,961,188	1,961,192	122,308	316,673	593,163	827,712	101,332
Accruals & other payables	17	353,586	353,586	353,586	-	-	-	-
		2,439,323	2,439,327	600,443	316,673	593,163	827,712	101,332
Gap (asset - liabilities)		3,401,319	3,417,031	309,052	(244,389)	388,023	2,764,065	189,832
Cumulative liquidity gap				309,052	64,663	452,687	3,216,751	3,406,583

Although the Company has access to financing facilities, the Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets and other sources listed in "Sources of Liquidity" above.

(iv) Insurance risk management

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

Financial and Insurance Risk Management (Cont'd)

The Company writes fire, general accident, oil & gas, engineering, bond, marine and motor risks primarily over a twelve month duration (usually longer for engineering policies). The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-20 N'000	31-Dec-19 N'000
- Within Nigeria	3,130,248	2,890,652	1,478,429	1,250,312	1,651,819	1,640,340
- Outside Nigeria	-	-	-	-	-	-
Total	3,130,248	2,890,652	1,478,429	1,250,312	1,651,819	1,640,340

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Outstanding claims						
Fire	721,626	329,561	546,588	241,285	175,038	88,276
Accident	251,000	219,269	128,641	138,143	122,359	81,126
Motor	38,553	38,806	-	25,371	38,553	13,435
Marine	54,422	48,660	13,051	2,352	41,371	46,308
Aviation	9,411	10,604	-	-	9,411	10,604
Oil and Gas	462,438	815,353	1,559	(34,422)	460,878	849,775
Engineering	134,438	498,935	115,649	424,800	18,789	74,135
Bond	-	-	-	-	-	-
Total	1,671,886	1,961,188	805,489	797,530	866,398	1,163,658

	Gross		Reinsurance		Net	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
IBNR						
Fire	177,902	128,048	91,837	85,871	86,064	42,177
Accident	20,562	47,360	13,192	37,286	7,370	10,074
Motor	71,183	56,981	2,739	2,634	68,444	54,347
Marine	70,192	23,491	42,969	6,627	27,223	16,864
Aviation	445	32,272	207	15,045	237	17,227
Oil and Gas	145,196	-	98,281	-	46,915	-
Engineering	88,637	117,073	81,557	17,863	7,080	99,210
Bond	-	-	-	-	-	-
Total	574,117	405,225	330,782	165,326	243,335	239,899

	Gross		Reinsurance		Net	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Unearned premium						
Fire	287,284	159,157	120,858	111,930	166,427	47,227
Accident	98,664	83,396	45,830	66,070	52,834	17,326
Motor	239,767	159,449	7,344	9,824	232,423	149,625
Marine	120,313	35,197	65,827	31,254	54,486	3,943
Aviation	-	-	-	-	-	-
Oil and Gas	102,273	32,269	69,227	25,622	33,046	6,647
Engineering	35,944	54,771	33,073	42,755	2,871	12,016
Bond	-	-	-	-	-	-
Total	884,246	524,239	342,159	287,456	542,087	236,783

Financial and Insurance Risk Management (Cont'd)

Outstanding claims on insurance contracts

Outstanding claim represents the estimated ultimate cost of settling all claims arising from incidents occurring as at the date of the statement of financial position.

(a) Methodology

(i) Inflation

Claims paid amounts have not been explicitly adjusted for inflation but rather, the inflation which is implied by historical claims paid data has been assumed to continue into the future.

Whilst inflation has been volatile in Nigeria over the past number of years, QED Actuaries & Consultants (Pty) Ltd (QED) recommends that inflation is monitored frequently and inflation adjusted numbers be considered in the future.

(ii) Discounting

No allowance has been made for discounting as it is not expected to have a significant impact given the relatively short-tailed claims run-

(iii) Reserving Methods and Assumptions - 31 December 2020

The volume of data in the reserving classes influenced the methodologies used. Three (3) methods were used for the projection of claims;

(a) The Basic Chain Ladder Method (BCL)

Development factors were calculated using the last eight to nine years of data by accident year. Within the data there were some movements in the older years' accident periods (pre 2007). QED used this development where possible to allow for some development in claims paid over the past nine years.

Ultimate development factors are calculated for each of the permutations. Development patterns are selected taking into account the stability of the loss ratios between accident periods for a development period as well as considering whether there seems to be a change in development, for example, a quickening in the rate that claims are paid.

Ultimate development factors are applied to the paid data per accident year and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year.

For cases where there were extreme large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve was excluded from the calculation of the IBNR.

i.e $IBNR = \text{Ultimate claim amount (excluding extreme large losses)} - \text{Paid claims to date (excluding extreme large losses)} - \text{Claims outstanding (excluding extreme large losses)}$.

Assumptions underlying the BCL

The Basic Chain Ladder Method assumes that past experience is indicative of future experience i.e. claims reported to date will continue to develop in a similar manner in the future. An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed. A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits. If any of these assumptions are invalidated, the results of the reserving exercise may prove to be inaccurate.

(b) The loss ratio method

This method is used for classes with limited claim payments or history and therefore a BCL method would be inappropriate. We allow for expected experience to date within the assumed average ultimate loss ratios in carrying out the calculation.

The IBNR is then calculated as;

$\text{Expected average ultimate annual loss ratio} \times \text{earned premium} - \text{experience to date}$.

Assumptions underlying the loss ratio method

An estimate of the average ultimate loss ratio needs to be assumed. This was based on estimated average loss ratio on claims experience to date for previous accident years where claims data was available. For classes of business where no claims data is available, an average loss ratio that is experienced in the industry was used.

QED advised Old Mutual Nigeria's underwriters to capture what they expect the ultimate loss ratio to be for a specific accident year and class of business at the time that the policy is written. This will also provide insight into whether classes of business are running at the loss ratios that are assumed within the pricing of the business.

Financial and Insurance Risk Management (Cont'd)

However, QED is reasonably comfortable that the assumptions would be appropriate if no business or key processes have changed over the previous three accident years. QED does conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures. If the average loss ratios are not indicative of future experience the IBNR calculated could be under- or over-estimated.

(c) A Bornheutter Ferguson method.

The initial development of each loss semester is typically subject to volatility as the cumulative data is sparse. This volatility may cause the estimates of ultimate claims produced by the Basic Chain-Ladder method to be misleading. For this reason, an alternative estimate of the ultimate claims is produced for the more recent loss years using a technique known as the Bornhuetter-Ferguson method. This method requires estimates of the ultimate loss ratio for each loss year and the accompanying gross earned premium. The intermediate (or "initial") estimates of ultimate claims are obtained by applying the ultimate loss ratio to the earned premiums. The selected ultimate loss ratio is a weighted average of the initial ultimate loss ratio and the Chain Ladder ultimate loss ratio.

IBNR results

	Gross 31-Dec-20 N'000	Gross 31-Dec-19 N'000
Class of business		
Aviation	445	32,272
Bonds	-	-
Engineering	88,637	117,073
Fire	177,902	128,048
General Accident	20,562	47,360
Marine	70,192	23,491
Motor	71,183	56,981
Oil and Energy	145,196	-
Total	574,117	405,225

Outstanding claims

	Gross 31-Dec-20 N'000	Gross 31-Dec-19 N'000
Class of business		
Aviation	9,411	10,604
Bonds	-	-
Engineering	134,438	498,935
Fire	721,626	329,561
General Accident	251,000	219,269
Marine	54,422	48,660
Motor	38,553	38,806
Oil and Energy	462,438	815,353
Total	1,671,886	1,961,188

UPR results

	Gross 31-Dec-20 N'000	Gross 31-Dec-19 N'000
Class of business		
Aviation	-	-
Bonds	-	-
Engineering	35,944	54,771
Fire	287,284	159,157
General Accident	98,664	83,396
Marine	120,313	35,197
Motor	239,767	159,449
Oil and Energy	102,273	32,269
Total	884,246	524,239

Financial Risk Management (Cont'd)

Sensitivity analysis.

The cumulative triangulations that were used in the reserve report as at 31 December 2020 carried-out by QED Actuaries & Consultants (Pty) Ltd (QED) for the three classes where triangulation methods were used, i.e. for Fire, General Accident and Motor. The triangulations including and excluding exceptionally large losses are shown below

Claims paid triangulation as at 31 December 2020 including large losses.

Fire

Accident Period	Development Year											
	0	1	2	3	4	5	6	7	8	9	10	11
2009	1,057,677	5,000,679	9,116,343	9,122,488	13,850,584	13,850,584	13,850,584	13,850,584	13,850,584	13,850,584	13,850,584	13,850,584
2010	519,085	17,107,890	17,107,890	17,199,032	17,480,509	17,662,315	17,662,315	17,662,315	17,662,315	17,662,315	17,662,315	
2011	3,460,026	15,854,806	18,787,161	27,913,829	28,331,261	32,953,943	32,953,943	32,953,943	32,953,943	32,953,943		
2012	341,125	168,615,183	213,262,411	224,010,373	224,010,373	224,010,373	224,010,373	224,010,373	224,010,373			
2013	4,167,530	19,923,870	24,624,796	24,624,796	24,624,796	24,624,796	24,624,796	24,624,796				
2014	24,374,099	61,239,678	62,989,977	63,998,097	64,022,256	64,050,554	64,050,554					
2015	99,755,095	322,549,240	326,841,165	328,598,959	328,923,568	328,923,568						
2016	33,434,718	494,884,247	503,629,092	505,290,946	508,979,850							
2017	91,835,922	151,103,019	160,432,536	209,053,250								
2018	172,859,878	663,328,429	688,635,641									
2019	47,489,126	124,122,112										
2020	76,251,917											

General Accident

Accident Period	Development Year											
	0	1	2	3	4	5	6	7	8	9	10	11
2009	3,047,654	22,898,307	30,909,601	43,260,307	52,897,854	63,745,409	64,170,661	64,170,661	64,170,661	64,170,661	64,827,932	64,827,932
2010	15,419,180	49,315,707	69,117,073	70,528,722	71,060,790	71,060,790	71,060,790	71,060,790	71,060,790	71,060,790	71,060,790	
2011	33,888,016	84,508,821	96,655,419	104,782,301	114,593,989	114,994,315	114,994,315	114,994,315	114,994,315	114,994,315		
2012	2,111,234	16,942,509	26,376,554	52,802,619	63,100,466	63,100,466	63,206,448	63,206,448	63,206,448			
2013	16,932,673	40,403,281	54,181,266	58,375,800	58,375,800	58,375,800	58,405,379	58,423,834				
2014	44,187,332	67,337,962	80,099,116	84,215,817	84,823,466	85,643,690	86,505,106					
2015	78,320,872	118,237,959	130,865,364	236,357,692	240,799,347	241,371,615						
2016	50,839,310	112,327,307	128,625,307	133,208,764	133,791,181							
2017	70,990,496	124,267,472	146,177,919	149,517,739								
2018	172,383,358	184,540,751	185,758,568									
2019	32,523,388	48,847,537										
2020	31,073,822											

Financial Risk Management (Cont'd)

Motor

	Development Year											
Accident Period	0	1	2	3	4	5	6	7	8	9	10	11
2009	141,576,771	236,110,196	239,994,293	240,336,073	243,996,555	243,996,555	243,996,555	243,996,555	243,996,555	243,996,555	243,996,555	243,996,555
2010	83,127,762	127,100,018	129,668,223	131,355,298	131,516,438	131,562,198	131,562,198	131,562,198	131,562,198	131,562,198	131,562,198	
2011	68,123,911	109,149,419	111,821,249	111,821,249	112,596,249	112,596,249	112,596,249	112,596,249	112,596,249	112,596,249		
2012	33,431,464	57,278,540	79,683,739	79,683,739	79,683,739	80,487,840	80,487,840	80,487,840	80,487,840			
2013	44,199,996	54,318,923	54,318,923	54,318,923	54,318,923	54,318,923	54,318,923	54,318,923				
2014	51,131,409	78,845,645	86,963,161	87,804,809	89,913,678	91,163,678	91,163,678					
2015	124,884,901	199,201,245	201,046,920	208,157,795	211,382,795	211,382,795						
2016	113,806,896	164,172,100	180,627,807	181,104,367	181,104,367							
2017	137,120,161	159,778,408	161,567,570	161,567,570								
2018	144,729,351	173,567,424	174,318,509									
2019	207,754,408	235,660,271										
2020	184,830,793											

Claims paid triangulation as at 31 December 2019 excluding large losses.

Fire

	Development Year											
Accident Period	0	1	2	3	4	5	6	7	8	9	10	11
2008	10,863,135	1,200,127	519,791	-	10,000	296,029	-	-	-	-	-	-
2009	1,057,677	3,943,002	4,115,664	6,146	4,728,096	-	-	-	-	-	-	-
2010	519,085	16,588,805	-	91,142	281,477	181,806	-	-	-	-	-	-
2011	3,460,026	12,394,780	2,932,355	9,126,668	417,432	4,622,683	-	-	-	-	-	-
2012	341,125	168,274,059	44,647,228	10,747,962	-	-	-	-	-	-	-	-
2013	4,167,530	15,756,340	4,700,926	-	-	-	-	-	-	-	-	-
2014	24,374,099	36,865,580	1,750,299	1,008,120	24,159	28,298	-	-	-	-	-	-
2015	99,755,095	222,794,144	4,291,926	1,757,793	324,609	-	-	-	-	-	-	-
2016	33,434,718	461,449,529	8,744,845	1,661,854	-	-	-	-	-	-	-	-
2017	91,835,922	59,267,097	9,329,516	-	-	-	-	-	-	-	-	-
2018	172,859,878	490,468,552	-	-	-	-	-	-	-	-	-	-
2019	47,489,126	-	-	-	-	-	-	-	-	-	-	-

Financial Risk Management (Cont'd)

General Accident

Accident Period	Development Year										
	0	1	2	3	4	5	6	7	8	9	10
2008	13,490,860	5,973,649	15,192,742	4,956,128	4,523,239	1,646,843	13,912	51,705	-	-	-
2009	3,047,654	19,850,653	8,011,295	12,350,706	9,637,547	10,847,554	425,252	-	-	-	657,271
2010	15,419,180	9,036,115	19,801,367	1,411,649	532,068	-	-	-	-	-	-
2011	24,433,516	50,620,805	12,146,598	8,126,883	9,811,687	400,326	-	-	-	-	-
2012	2,111,234	14,831,276	9,434,045	26,426,065	-	-	105,982	-	-	-	-
2013	16,932,673	23,470,608	13,777,985	4,194,535	-	-	29,579	-	-	-	-
2014	14,612,269	23,150,630	3,256,629	4,116,701	607,649	820,224	-	-	-	-	-
2015	43,217,786	39,917,087	12,627,405	4,370,633	4,441,655	-	-	-	-	-	-
2016	31,490,182	61,487,997	16,298,000	4,583,457	-	-	-	-	-	-	-
2017	38,888,330	35,137,836	11,904,532	-	-	-	-	-	-	-	-
2018	18,832,673	12,035,784	-	-	-	-	-	-	-	-	-
2019	14,523,388	-	-	-	-	-	-	-	-	-	-

Accident Period	Development Year										
	0	1	2	3	4	5	6	7	8	9	10
2008	114,582,765	91,589,731	7,691,056	4,981,728	811,304	786,306	-	-	-	-	-
2009	99,379,231	68,132,195	3,884,097	341,780	3,660,482	-	-	-	-	-	-
2010	69,854,062	40,301,171	2,568,205	1,687,075	161,140	45,760	-	-	-	-	-
2011	60,101,311	36,732,508	2,671,830	-	775,000	-	-	-	-	-	-
2012	33,431,464	19,594,576	405,199	-	-	804,101	-	-	-	-	-
2013	35,461,259	10,118,927	-	-	-	-	-	-	-	-	-
2014	43,382,184	22,580,861	158,575	841,648	2,108,869	1,250,000	-	-	-	-	-
2015	88,192,078	56,372,114	1,845,675	3,108,875	3,225,000	-	-	-	-	-	-
2016	91,312,947	26,728,374	10,543,206	476,560	-	-	-	-	-	-	-
2017	109,618,747	21,328,247	1,789,162	-	-	-	-	-	-	-	-
2018	111,186,604	23,588,073	-	-	-	-	-	-	-	-	-
2019	145,190,578	-	-	-	-	-	-	-	-	-	-

Financial Risk Management (Cont'd)

(c) Capital Management

Capital is actively managed with a focus on capital efficiency and effective risk management. The Company's objective with respect to capital management is to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

The Capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management. The Company also has 0% coupon preference shares which are mandatorily convertible to ordinary shares on a set date (see Note 19).

The capital adequacy of the Company is reviewed regularly to meet regulatory requirements and standard of international best practices in order to adopt and implement decisions necessary to maintain the capital at a level that ensures the realization of the business plan with a certain safety margin.

The regulatory capital (as required under Insurance Act 2003 and NAICOM Guideline) within the Company is above the minimum threshold. The minimum regulatory capital for general insurers in Nigeria is N3 billion.

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

The Company's solvency position is as follows:

Solvency margin computation

	31-Dec-20			31-Dec-19
Admissible Assets	Total N'000	Inadmissible N'000	Admissible N'000	Admissible N'000
Cash and cash equivalents	3,101,161	-	3,101,161	909,212
Other financial assets:				
- Fair value through profit or loss	230,192	-	230,192	291,164
- At amortized cost	4,106,652	-	4,106,652	3,644,971
- Loans and receivables	5,514	-	5,514	4,503
Trade receivables	19,542	-	19,542	80,859
Deferred acquisition cost	117,295	-	117,295	69,500
Reinsurance assets	1,677,401	-	1,677,401	1,372,139
Other receivables and prepayments	49,484	49,484	-	-
Investment properties	-	-	-	-
Property and equipment	28,137	-	28,137	32,128
Statutory deposit	500,000	-	500,000	320,000
Deferred tax assets	-	-	-	-
	9,835,377	49,484	9,785,893	6,724,476
Less: Admissible liabilities				
Insurance liabilities	3,130,248	-	3,130,248	2,890,652
Trade payables	76,808	-	76,808	124,549
Accruals and other payables	467,239	-	467,239	562,606
Income tax payable	6,238	-	6,238	14,363
Deferred tax liabilities	-	-	-	-
	3,680,533	-	3,680,533	3,592,170
Solvency margin (A-B)			6,105,361	3,132,306
Minimum paid up capital			3,000,000	3,000,000
Net premium			1,222,572	755,385
15% of Net premium			183,386	113,308

The Company's solvency margin of N6.03 billion as at 31 December 2020 is above the minimum capital of N3,000,000,000 (2019: N3.2 billion) prescribed by the Insurance Act of Nigeria.

Financial Risk Management (Cont'd)

(d) Financial assets and liabilities

Accounting classification, measurement basis

The table below sets out the Company's classification of each class of financial assets and liabilities and their fair values.

31 December 2020

	Notes	Amortized Cost N'000	Fair value through profit or loss N'000	Fair value through OCI N'000	Other financial liabilities at amortised cost N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	6	3,101,161	-	-	-	3,101,161	3,101,161
Financial assets	7	4,112,166	230,192	-	-	4,342,358	4,342,358
Trade receivables	8	19,542	-	-	-	19,542	19,542
Reinsurance assets	9	1,677,401	-	-	-	1,677,401	1,677,401
Other receivables	less						
prepayments	11	8,383	-	-	-	8,383	8,383
Statutory deposits	13	500,000	-	-	-	500,000	500,000
		9,418,652	230,192	-	-	9,648,844	9,648,844
Trade payables	15	-	-	-	76,808	76,808	76,808
Other payables	16	-	-	-	212,433	212,433	212,433
		-	-	-	289,241	289,241	289,241

31 December 2019

	Notes	Amortized cost N'000	Fair value through profit or loss N'000	Fair value through OCI N'000	Other financial liabilities at amortised cost N'000	Total carrying amount N'000	Fair value N'000
Cash and cash equivalents	6	909,212	-	-	-	-	-
Financial assets	7	3,649,474	291,164	-	-	3,940,638	3,940,638
Trade receivables	8	80,859	-	-	-	80,859	80,859
Reinsurance assets	9	1,372,139	-	-	-	1,372,139	1,372,139
Other receivables	less						
prepayments	11	71,435	-	-	-	71,435	71,435
Statutory deposits	13	320,000	-	-	-	320,000	320,000
		6,403,119	291,164	-	-	5,785,071	5,785,071
Trade payables	15	-	-	-	124,549	124,549	124,549
Other payables	16	-	-	-	353,586	353,586	353,586
		-	-	-	478,135	478,135	478,135

Notes to the financial statements (Cont'd)

Segment Reporting

The accounting policies of the reportable segments are the same as the Company's accounting policies.

Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Gross premium revenue from two major customers of the Company represented approximately N138 million (5%) and N113 million (4%) of the Company's total premium revenues.

The following is an analysis of the Company's revenue and result by reportable segment in 2020 and 2019.

	31 December 2020								
	Motor	General accident	Marine	Engineering	Fire	Aviation	Bond	Oil & Gas	Total
Income:	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	580,886	360,941	362,301	171,487	873,874	-	-	505,611	2,855,101
Change in unearned premium reserve	(80,318)	(15,268)	(85,116)	18,827	(128,128)	-	-	(70,003)	(360,007)
Gross premium income	500,568	345,673	277,185	190,314	745,746	-	-	435,608	2,495,094
Reinsurance premium expenses	(17,793)	(167,660)	(198,227)	(157,789)	(367,630)	(21,184)	-	(342,239)	(1,272,522)
Net insurance premium earned	482,774	178,013	78,958	32,525	378,117	(21,184)	-	93,369	1,222,572
Fee and commission income	2,318	73,667	54,830	52,016	117,574	-	-	6,896	307,302
Net underwriting income	485,092	251,681	133,788	84,541	495,691	(21,184)	-	100,264	1,529,874
Gross claims paid	(202,036)	(69,138)	(11,212)	(418,679)	(229,985)	-	-	(181,772)	(1,112,822)
Change in outstanding claims/IBNR	(13,948)	(4,933)	(52,463)	392,933	(484,681)	33,021	-	250,482	120,410
Gross claims expenses incurred	(215,984)	(74,071)	(63,675)	(25,746)	(714,666)	33,021	-	68,711	(992,412)
Reinsurance claims recovery	99,560	(33,099)	45,869	(38,838)	591,962	(14,835)	8,333	135,296	794,248
Net claims expenses incurred/(recovered)	(116,424)	(107,170)	(17,806)	(64,585)	(122,704)	18,185	8,333	204,007	(198,163)
Underwriting expenses:									
Acquisition cost	(21,431)	(78,490)	(39,569)	(40,006)	(107,437)	-	-	(85,662)	(372,595)
Maintenance cost	(27,331)	(6,027)	(3,073)	(413)	(2,168)	-	-	(2,610)	(41,622)
Total underwriting expenses	(165,186)	(191,687)	(60,449)	(105,004)	(232,308)	18,185	8,333	115,735	(612,410)
Underwriting profit/(loss)	319,906	59,994	73,339	(20,463)	263,383	(2,999)	8,333	216,000	917,463

Notes to the financial statements (Cont'd)

Segment Reporting (Cont'd)

	31 December 2019							
	Motor	General accident	Marine	Engineering	Fire	Aviation	Bond	Oil & Gas
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Income:								
Gross premium written	442,144	435,793	147,715	206,119	515,645	29,609	-	327,361
Change in unearned premium reserve	(31,599)	(35,380)	(1,182)	2,483	(67,035)	18,309	-	54,724
Gross premium income	410,545	400,413	146,532	208,602	448,610	47,918	-	382,085
Reinsurance premium expenses	(24,900)	(331,746)	(123,001)	(141,821)	(304,211)	(79,626)	-	(284,016)
Net insurance premium earned	385,645	68,667	23,531	66,781	144,399	(31,708)	-	755,384
Fee and commission income	12,441	140,377	36,647	46,781	104,358	530	(719)	2,631
Net underwriting income/(loss)	398,086	209,044	60,178	113,562	248,757	(31,178)	(719)	1,098,430
Gross claims paid	(240,929)	(77,002)	(29,606)	(44,067)	(549,302)	(17,666)	(508,388)	(1,729,055)
Change in outstanding claims/IBNR	97,182	245,781	63,519	(1,306,721)	463,141	314,857	1,551,514	2,052,198
Gross claims expenses incurred	(143,747)	168,779	33,913	(1,350,788)	(86,161)	297,191	1,043,126	323,143
Reinsurance claims recovery	(24,817)	(96,071)	(76,955)	373,811	21,877	(3,448)	(10,667)	86,230
Net claims expenses incurred/(recovered)	(168,564)	72,708	(43,042)	(976,977)	(64,284)	293,743	1,032,459	409,373
Underwriting expenses:								
Acquisition cost	(26,447)	(51,145)	(27,520)	(36,589)	(60,990)	(9,480)	(4,974)	(287,951)
Maintenance cost	(12,471)	(11,718)	(1,385)	(14)	(534)	(751)	-	3,291
Total underwriting expenses	(207,482)	9,845	(71,947)	(1,013,580)	(125,808)	283,512	1,027,485	97,840
Underwriting profit/(loss)	190,604	218,889	(11,769)	(900,018)	122,949	252,334	1,026,766	1,196,271

Notes to the financial statements (cont'd)

6 Cash and cash equivalents

	31-Dec-20	31-Dec-19
	N'000	N'000
Cash in hand	92	-
Balances held with banks in Nigeria	235,009	83,931
Placements with financial institutions (see (a) below)	2,472,168	1,729
Treasury bills with maturity of less than 90 days (see (b) below)	393,892	823,552
	3,101,161	909,212
Maturity profile of cash and cash equivalent		
Less than 3 months	3,101,161	909,212
Greater than 3 months and less than 12 months	-	-
	3,101,161	909,212

(a) Placements with financial institutions comprise deposits with maturity of less than 90 days from the value date of the instruments.

Placements with financial institutions	2,543,066	1,729
ECL adjustment	(8,449)	-
	2,534,616	1,729

(b) Treasury bills with maturity of less than 90 days
ECL adjustment

	31-Dec-20	31-Dec-19
	N'000	N'000
	394,022	823,754
	(130)	(201)
	393,892	823,552

Treasury bills with maturity of less than 90 days comprise financial instruments with maturity of less than 90 days from the date of the financial statement.

7 Financial assets

The Company's financial assets are summarised below by measurement category in the table below.

	31-Dec-20	31-Dec-19
	N'000	N'000
Investment securities - Fair value through profit or loss (FVTPL) (see (a) below)	230,192	291,164
Investment securities - at amortized cost (see (b) below)	4,106,652	3,644,971
Loans and receivables (see (c) below)	5,514	4,503
	4,342,358	3,940,638
Greater than 3 months and less than 12 months	1,192,278	58,458
Greater than 12 months	3,150,080	3,882,179
	4,342,358	3,940,638

(a) Fair value through profit or loss (FVTPL)

Quoted equities:		
At 1 January	291,164	344,879
Fair value gain/(loss) (see note 28(c))	16,292	(53,714)
Equity disposal during the year	(77,264)	-
At 31 December	230,192	291,164

(b) Investment securities - At amortized Cost

Debt securities - Fixed interest: Federal Government of Nigeria Treasury Bills	102,081	58,458
FGN & Euro Bonds	3,959,334	3,602,229
Commercial Paper	63,193	-
	4,124,609	3,660,687
Expected Credit Loss Allowance	(17,956)	(15,717)
	4,106,652	3,644,971

Notes to the financial statements (cont'd)

The movement in investments held at amortized cost is as shown below

Balance, at 1 January	3,660,687	4,050,512
Value of investment disposed	(3,660,687)	(4,050,512)
Additions during the year	4,154,968	3,490,357
Investment income (see note 28(a))	458,133	667,162
Investment income received	(488,492)	(496,832)
Balance at 31 December	4,124,609	3,660,687

(c) Loans and receivables at amortised cost

	31-Dec-20 N'000	31-Dec-19 N'000
Staff mortgage loans:		
At 1 January	4,503	7,937
Movement during the year	1,123	(3,434)
	5,626	4,503
Expected credit loss allowance	(112)	-
At 31 December	5,514	4,503

	31-Dec-20 N'000	31-Dec-19 N'000
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8 Trade receivables	19,542	80,859
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Age analysis of gross trade receivables are as follows

0-30 days	19,542	80,859
Above 30 days	-	-
	19,542	80,859

The Company has put strict controls and practices in place in order to collect all amounts due from brokers prior to the reporting date.

(a) The movement in trade receivable is analysed below:

	31-Dec-19 N'000	31-Dec-18 N'000
At 1 January	80,859	30,264
Gross Premium Written (see note 23)	2,855,101	2,104,386
Premium received during the year	(2,916,418)	(2,053,791)
At 31 December	19,542	80,859

9 Reinsurance assets

	31-Dec-20 N'000	31-Dec-19 N'000
<i>Financial assets</i>		
Reinsurance share of claims outstanding (see note (c))	805,489	797,530
Co-insurance claims recoverable	104,794	121,827
	910,283	919,357

Non financial assets

Prepaid reinsurance premium (see note (b))	436,336	287,456
Reserve for IBNR on claims recoverable (see note (d))	330,782	165,326
	767,118	452,782

Total	1,677,401	1,372,139
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Within one year	1,346,619	1,206,813
More than one year	330,782	165,326
	1,677,401	1,372,139

(a) Reinsurance assets of N1.677 billion (2019: N1.372 billion) are valued at carrying amount less any impairment charges. The carrying amount is a reasonable approximation of fair value.

Notes to the financial statements (cont'd)

(b) The movement in prepaid reinsurance premium is shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
<i>At 1 January</i>	287,456	287,456
Movement during the year (see note 24 (a))	148,880	-
<i>At 31 December</i>	436,336	287,456

(c) The movement in reinsurance share of claims outstanding is shown below:

<i>At 1 January</i>	797,530	1,165,309
Movement during the year	7,959	(367,779)
<i>At 31 December</i>	805,489	797,530

(d) The movement in reserve for IBNR on claims recoverable is shown below:

<i>At 1 January</i>	165,326	165,326
Movement during the year	165,456	-
<i>At 31 December</i>	330,782	165,326

(e) Reinsurance receipts in respect of claims is analysed below:

<i>At 1 January</i>	919,357	1,189,860
Claims recoverable (see note 26)	794,248	86,230
Claims recovery during the year	(803,323)	(356,733)
<i>At 31 December</i>	910,283	919,357

10 Deferred acquisition costs

This represents the unexpired portion of the commission paid to brokers and agents as at the reporting date.

	31-Dec-20	31-Dec-19
	N'000	N'000
<i>At 1 January</i>	69,500	76,603
Additions in the year	420,389	280,848
Amortization for the year (see note 27 (a))	(372,595)	(287,951)
<i>At 31 December</i>	117,295	69,500
Within one year	117,295	69,500
More than one year	-	-
	117,295	69,500

(a) Analysis of deferred acquisition cost by class of insurance is shown below:

Fire	44,830	25,926
Accident	17,794	14,113
Motor	13,473	7,715
Marine	19,967	6,715
Aviation	-	-
Oil & gas	15,423	6,454
Engineering	5,807	8,577
Bond	-	-
	117,295	69,500

11 Other receivables and prepayment

Prepayments (see (a) below)	41,101	16,820
Other receivables (see (b) below)	8,383	71,435
	49,484	88,255
Within one year	49,484	88,255
More than one year	-	-
	49,484	88,255

Notes to the financial statements (cont'd)

(a) Prepayment

Prepaid rent	4,496	3,042
Prepaid tenement rate	-	-
Other prepayments	36,605	13,778
	<u>41,101</u>	<u>16,820</u>

Other prepayments includes: group life and health insurance premiums N14.9m, microsoft software license N13.2m and prepaid adverting expense N6.5m.

(b) Other Receivables

Travel advances	960	-
Dividend receivable (see note (i) below)	-	-
Other receivables	78,859	71,435
	<u>79,819</u>	<u>71,435</u>
Less impairment	(71,435)	-
	<u>8,383</u>	<u>71,435</u>

(i) The movement in dividends receivable for the year is as shown below

	31-Dec-20	31-Dec-19
	N'000	N'000
Balance at 1 January	-	-
Dividend income (see note 28 (a))	12,204	13,700
Dividends received	(12,204)	(13,700)
Balance at 31 December	<u>-</u>	<u>-</u>

12 Property and equipment

	Computer Equipment N'000	Furniture and Fittings N'000	Motor Vehicles N'000	Office Equipment N'000	Total N'000
Cost					
At 1 January 2020	97,374	42,921	162,933	12,829	316,057
Additions	15,565	68	-	863	16,497
Disposals	-	-	(10,080)	-	(10,080)
At 31 December 2020	<u>112,939</u>	<u>42,989</u>	<u>152,853</u>	<u>13,692</u>	<u>322,474</u>
At 1 January 2019	90,378	41,491	162,933	12,359	307,161
Additions	6,996	1,430	-	470	8,896
At 31 December 2019	<u>97,374</u>	<u>42,921</u>	<u>162,933</u>	<u>12,829</u>	<u>316,057</u>

Accumulated depreciation

	Computer Equipment	Furniture, Fittings	Motor Vehicles	Office Equipment	Total
At 1 January 2020	84,082	36,410	152,383	11,061	283,937
Charge for the year (see note 31(a))	8,375	2,860	6,655	701	18,590
Disposals	-	-	(8,190)	-	(8,190)
At 31 December 2020	<u>92,457</u>	<u>39,270</u>	<u>150,848</u>	<u>11,762</u>	<u>294,337</u>
At 1 January 2019	77,264	31,395	136,836	10,297	255,793
Charge for the year	6,818	5,015	15,547	764	28,144
At 31 December 2019	<u>84,082</u>	<u>36,410</u>	<u>152,383</u>	<u>11,061</u>	<u>283,937</u>

Carrying amounts:

At 31 December 2020	20,483	3,719	2,005	1,930	28,137
At 31 December 2019	<u>13,297</u>	<u>6,511</u>	<u>10,553</u>	<u>1,767</u>	<u>32,128</u>

- (a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year, (2019: nil)
- (b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the
- (c) The Company had no capital commitments as at the reporting date, (2019: nil)
- (d) There was no item of plant and equipment that has been pledged as security for borrowings as at year end, (2019: nil)
- (e) An impairment assessment was conducted and no impairment was identified.

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

(f) The Company made a loss of N0.806 million (2019: Nil) from disposal of assets in the financial year. This is as shown below:

	N'000	N'000
Sales proceed	1,084	-
Net book value	(1,890)	-
Loss on disposal (see note 29)	<u>(806)</u>	<u>-</u>

13 Statutory deposits

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The amount held will increase or decrease in relation to the amount of paid up share capital in issue. The cash amount held is considered to be a restricted cash balance does not qualify as cash and cash equivalents.

	31-Dec-20 N'000	31-Dec-19 N'000
Deposits with CBN	<u>500,000</u>	<u>320,000</u>
Within one year	-	-
More than one year	500,000	320,000
	<u>500,000</u>	<u>320,000</u>

14 Insurance contract liabilities

Unearned premium reserve (see (a) below)	884,246	524,239
Outstanding claims:		
- Claims outstanding (see (b))	1,671,886	1,961,188
- Incurred but not reported (see (c) below)	574,117	405,225
	<u>3,130,248</u>	<u>2,890,652</u>
Within one year	2,556,132	2,485,427
More than one year	574,117	405,225
	<u>3,130,248</u>	<u>2,890,652</u>

(a) Unearned premium reserve is summarised by class below:

Fire	287,284	159,157
Accident	98,664	83,396
Motor	239,767	159,449
Marine	120,313	35,197
Aviation	-	0
Oil and gas	102,273	32,269
Engineering	35,944	54,771
Bond	-	-
Total	<u>884,246</u>	<u>524,239</u>

(i) The movement in unearned premium reserves is shown below:

At 1 January	524,239	464,560
Movement during the year (see note 23)	360,007	59,679
At 31 December	<u>884,246</u>	<u>524,239</u>

Notes to the financial statements (cont'd)

- (b) Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring before the reporting date.

Analysis of outstanding claims by class is shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
Fire	721,626	329,561
Accident	251,000	219,269
Motor	38,553	38,806
Marine	54,422	48,660
Aviation	9,411	10,604
Oil and gas	462,438	815,353
Engineering	134,438	498,935
Bond	-	-
Total	1,671,886	1,961,188

Age analysis of outstanding claims at the end of the period is shown below:

Status (all figures in N'000)	0-30 days	31-90 days	91-180 days	181-365 days	Above 365 days	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Awaiting executed discharge vouchers	10,451	49,948	17,077	30,610	512,670	620,756
Awaiting engineer/adjuster reports	17,090	336,892	69,254	131,897	486,367	1,041,499
Claims awaiting payment	45	530	-	-	57	631
Awaiting outcome of litigation	-	-	-	-	9,000	9,000
Total	27,585	387,369	86,331	162,507	1,008,094	1,671,886

- (i) The movement in outstanding claims reserves is shown below:

<i>At 1 January</i>	1,961,189	4,019,026
Movement during the year (see note 26)	(289,302)	(2,057,837)
<i>At 31 December</i>	1,671,886	1,961,189

- (c) The incurred but not reported reserves by class of contract is summarised below by reference to liabilities.

Fire	177,902	128,048
Accident	20,562	47,360
Motor	71,183	56,981
Marine	70,192	23,491
Aviation	445	32,272
Oil and gas	145,196	0
Engineering	88,637	117,073
Bond	-	-
Total	574,117	405,225

- (i) The movement in incurred but not reported reserves is shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	405,225	399,587
Movement during the year (See note 26)	168,892	5,638
At 31 December	574,117	405,225

15 Trade payables

Coinsurance payable	-	-
Reinsurance payable	76,808	124,549
	76,808	124,549
Within one year	76,808	124,549
More than one year	-	-
	76,808	124,549

Notes to the financial statements (Cont'd)

16 Accruals and other payables

	31-Dec-20 N'000	31-Dec-19 N'000
<i>Financial</i>		
Sundry deposits (see note (a) below)	39,600	113,737
Deposit for shares (see note (b) below)	12,627	-
Sundry payables (see note (d) below)	160,207	239,849
	<u>212,433</u>	<u>353,586</u>
<i>Non-Financial</i>		
Deferred commission income (see note (25))	102,291	114,199
Sundry payables (see note (d) below)	152,514	94,821
	<u>467,239</u>	<u>562,606</u>
Within one year	466,278	549,795
More than one year	961	12,811
	<u>467,239</u>	<u>562,606</u>

(a) The movement in sundry deposits is shown below:

<i>At 1 January</i>	113,737	496,956
Movement during the year	(74,137)	(383,219)
<i>At 31 December</i>	<u>39,600</u>	<u>113,737</u>

Sundry deposit represents premium inflow from Gruppo Investment Nigeria Ltd. on a combined fire and engineering policy. Premium was appropriately captured as premium income subsequent to year-end.

(b) Deposit for shares

Deposit for shares represents amount received from Old Mutual West Africa Company Ltd in respect of preference shares.

(c) Deferred commission income

Deferred commission income represents the unearned portion of commission earned from ceding out insurance business. (see note 25 (a)).

(d) Sundry payables

	31-Dec-20 N'000	31-Dec-19 N'000
<i>Financial</i>		
Accrued expenses	144,703	231,245
Audit fees	10,000	8,604
Professional fees	-	-
Commission due to reinsurance partners	5,503	-
	<u>160,207</u>	<u>239,849</u>

Accrued expenses include: OMInsure support services and cost of development/upgrade of TIA insurance application N85.7m, Intercompany with OMNILAC (arising from erroneous credit of coupon payment on FGN bond belonging to OMNILAC into OMGICNL account by EDC Fund Management) N31.9m, Directors fees N13.4m, Office rent N7.7m, Staff PAYE N6.0m.

<i>Non-Financial</i>		
Staff productivity bonus	44,281	57,866
Cash settled share based payment liabilities (see note (i) below)	-	-
Supervisory levy	28,551	26,868
Value added tax	61,136	-
Industrial training fund	8,977	7,697
Pension payable	11	-
Withholding tax	8,426	2,390
National housing fund	1,132	-
	<u>152,514</u>	<u>94,821</u>

(e) The Company has implemented a deferred cash allocation scheme to defer a portion of incentive bonuses for Nigerian key management staff which is subject to mandatory deferral of a percentage of their cash. The value of the deferred bonus is indexed to Old Mutual Limited's share price (in South African Rand-ZAR) and accrues dividends (determined based on the number of hypothetical shares) during the vesting period which are payable bi annually.

Notes to the financial statements (Cont'd)

Vesting of the deferred bonus occurs in three years, conditional on continued employment at that time. The final payment of the deferred bonus is calculated with reference to the Old Mutual Limited's share price as listed on the Johannesburg Stock Exchange at payment date. The fair value of the services received in return for the virtual share options is measured by reference to the fair value of the share entitlements granted. Fair value of the entitlement is measured using the Black Scholes options pricing model.

17 Taxation

(a) Charge for the year

	31-Dec-20	31-Dec-19
	N'000	N'000
<i>Recognised in profit or loss</i>		
Income tax	6,238	10,522
Education tax	-	-
Information technology development levy	-	1,040
	6,238	11,562
Deferred tax charge (see note 18)	-	(32,316)
	6,238	(20,754)

(b) Reconciliation of effective tax rate

	31-Dec-20		31-Dec-19	
	Tax rate	Amount	Tax rate	Amount
	%	N'000	%	N'000
Loss before tax		(294,238)		104,027
Income tax using the domestic corporation tax rate	30%	(88,272)	30%	31,208
Non-deductible expenses	-37%	110,050	447%	464,999
Tax exempt income	51%	(149,914)	-198%	(205,594)
Impact of Industry tax law	-2%	6,238	-17%	(17,904)
Education tax	0%	-	0%	-
Information Technology Levy	0%	493	1%	1,040
Recognition of previously unrecognised deferred tax liabilities	-43%	127,642	-252%	(262,187)
Effects of prior year under provision	0%	-	0%	-
Changes in unrecognised deferred tax asset	0%	-	0%	-
Changes in estimates related to prior years	0%	-	0%	-
	-2%	6,238	11%	11,562

(c) Current income tax liabilities

	31-Dec-20	31-Dec-19
	N'000	N'000
<i>At 1 January</i>	14,363	112,962
Charge for the year (see note (a) above)	6,238	11,562
Paid during the year	(14,363)	(110,161)
<i>At 31 December</i>	6,238	14,363

Refer to note 4 for significant judgment and estimate related to the computation of current tax balances.

18 Deferred tax asset/(liability)

The movement during the year is as shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
<i>At 1 January</i>	-	(32,316)
Credit/(charge) to profit or loss	-	32,316
<i>At 31 December</i>	-	-

Analysis of deferred tax asset/(liability) are as follow:

Property and equipment	-	-
Unrelieved losses	-	-
Fair value gain on investment properties	-	-
Unrelieved tax losses	-	-

Deferred tax assets have been recognised in the account to the point it is probable that future taxable profit will be available against which There were no unrecognised deferred tax assets at year end (2019: Nil).

Notes to the financial statements (cont'd)

19 Share capital

Share capital comprises

31-Dec-20	31-Dec-19
N'000	N'000

(a) Authorized share capital

6,990,000,000 ordinary share of N1 each (see (i) below)
20,000,000 preference share of N1 each (see (ii) below)

6,980,000	4,990,000
20,000	10,000
7,000,000	5,000,000

(i) Movement in authorized ordinary share capital during the year is as follows:

31-Dec-20	31-Dec-19
N'000	N'000
Balance at 1 January at N1.00 each	4,990,000
Additions during the year at N1.00 each	1,990,000
Balance at 31 December	6,980,000

(ii) Movement in authorized preference share capital during the year is as follows:

31-Dec-20	31-Dec-19
N'000	N'000
Balance at the beginning of the year at N1.00 each	10,000
Additions during the year at N1.00 each	10,000
Balance at 31 December	20,000

(b) Issued and fully paid share capital

3,000,000,000 ordinary share of N1 each
13,599,122 (2019: 5,512,222) preference share of N1 each (see note (i) and (ii) below)

3,000,000	3,000,000
13,599	5,512
3,013,599	3,005,512

(i) Preference shares of 8.087 million were subscribed to by Old Mutual West Africa Company Limited in 2020, they are convertible mandatorily to ordinary shares in Old Mutual General Insurance Company Nigeria Limited at a conversion rate of 400 ordinary shares for each preference share on 1st January 2024.

(ii) Preference shares of 3.802 million were subscribed to by Old Mutual West Africa Company Limited in 2019, they are convertible mandatorily to ordinary shares in Old Mutual General Insurance Company Nigeria Limited at a conversion rate of 400 ordinary shares for each preference share on 1st January 2023.

(iii) Preference shares of 1.710 million were subscribed to by Old Mutual West Africa Company Limited in 2017, they are convertible mandatorily to ordinary shares in Old Mutual General Insurance Company Nigeria Limited at a conversion rate of 400 ordinary shares for each preference share on 1st January 2021.

20 Share premium

31-Dec-20	31-Dec-19
N'000	N'000

Balance at 1 January	2,299,377	782,290
Movement during the year (see note (a) below)	3,226,673	1,517,087
Balance at 31 December	5,526,050	2,299,377

(a) The increase in share premium in 2020 is attributable to the subscription of preference shares of 8,086,899 during the year at a cost of N400 per share (premium of N399).

21 Contingency reserve

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for general business is credited with the greater of 3% of gross premium or 20% of Net Profit and accumulated until it reaches the amount of greater of minimum paid up capital or 50% of Net premium.

31-Dec-20	31-Dec-19
N'000	N'000
At 1 January	1,133,511
Transfer from retained earnings (see note 22)	85,653
At 31 December	1,219,164

Notes to the financial statements (cont'd)

22 Retained earnings

The amount represents the retained earnings available for dividend distribution to the equity shareholders of the Company (if approved at the Annual General Meeting). For the analysis of movement in Retained Earnings, see the 'Statement of Changes in Equity'.

	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	(3,217,839)	(3,279,488)
Transfer from profit or (loss)	(300,476)	124,781
Transfer to contingency reserve (see note 21)	(85,653)	(63,132)
At 31 December	<u>(3,603,968)</u>	<u>(3,217,839)</u>

23 Gross premium income

Gross premium written	2,855,101	2,104,386
Reinsurance inward premium	-	-
	<u>2,855,101</u>	<u>2,104,386</u>
Change in unearned premium reserve (see note 14(a)(ii))	(360,007)	(59,680)
	<u>2,495,094</u>	<u>2,044,706</u>

24 Reinsurance expenses:

	31-Dec-20	31-Dec-19
	N'000	N'000
Reinsurance premium expenses	(1,327,225)	(1,554,017)
Change in prepaid reinsurance prepaid (see note 9(b))	54,702	264,696
	<u>(1,272,522)</u>	<u>(1,289,321)</u>

(a) Reinsurance premium paid is as analysed below:

<i>At 1 January, trade payable</i>	124,549	121,840
Reinsurance premium amortised	1,327,225	1,289,321
Reinsurance premium paid	(1,374,965)	(1,286,612)
<i>At 31 December, trade payable (see note 15)</i>	<u>76,808</u>	<u>124,549</u>

25 Fee and commission income

Reinsurance commission	307,302	343,046
	<u>307,302</u>	<u>343,046</u>

(a) Commission received is as analysed below:

At 1 January, deferred commission income	114,199	114,199
Reinsurance commission earned (see note 25 above)	(307,302)	(343,046)
Commission received during the year	295,394	343,046
At 31 December, deferred commission income (see note 16 (b))	<u>102,291</u>	<u>114,199</u>

26 Claims expenses

Claims paid during the year	1,112,822	1,729,055
Movement in outstanding claims (see note 14(b)(i))	(289,302)	(2,057,837)
Movement in IBNR (see note 14(c)(i))	168,891	5,639
Total claims incurred for the year	992,412	(323,143)
Recoverable from reinsurers (see note 9(e))	(794,248)	(86,230)
Claims (income)/expense	<u>198,163</u>	<u>(409,373)</u>

(a) Movement in outstanding claims/IBNR reserve

At 1 January	2,366,414	4,418,612
Claims incurred	992,412	(323,143)
Claims paid	(1,112,822)	(1,729,055)
At 31 December	<u>2,246,003</u>	<u>2,366,414</u>

Notes to the financial statements (cont'd)

27 Underwriting expenses

Acquisition cost (see (a) below)	372,595	287,951
Maintenance cost	41,653	23,582
	414,248	311,533

(a) The movement in acquisition cost is shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
Gross commission expenses	420,390	280,848
Movement in deferred acquisition cost (see note (c) below)	(47,795)	7,103
Commission incurred	372,595	287,951

(b) Commission paid during the year is as analysed below:

At 1 January, commission payable	-	(24,110)
Commission incurred (see Note 10)	(372,595)	(287,423)
Movement in deferred acquisition cost (see note (a) above and (c) below)	(47,795)	7,103
Commission paid during the year	414,886	304,430
At 31 December, commission payable	(5,503)	-

(c) Analysis of movement in deferred acquisition cost is shown below:

	31-Dec-20	31-Dec-19
	N'000	N'000
Fire	(18,904)	(6,850)
Accident	(3,681)	(4,428)
Motor	(5,758)	878
Marine	(13,252)	315
Aviation	-	3,078
Oil and gas	(8,970)	10,764
Engineering	2,771	3,173
Bond	-	172
Total	(47,795)	7,103

28 Investment income

(a) **Investment income**

Dividend income on Equity investment	12,204	13,700
Interest income on cash and cash equivalents	15,805	8,190
Interest income on bond and treasury bills	458,133	667,162
Interest income on deposits with credit institutions	41,751	24,264
Rental Income	-	2,000
	527,893	715,316

(b) **Income from investment property**

Fair value loss on investment properties (unrealised)	-	-
Fair value loss on investment properties (realised)	-	(20,000)
	-	(20,000)

(c) **Equity investment (fair value through profit/loss)**

Fair value gain on equity securities (see note 7(a))	16,292	(53,714)
	16,292	(53,714)

(d) **Net equity and investment income**

	544,184	641,602
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Notes to the financial statements (cont'd)

29 Other operating income and expenses

(a) Other operating income

Interest on staff loans	3,811	-
Other sundry income	6,591	48,098
Salvage income	6,643	9,068
Interest on current account	269	6,283
	<u>17,314</u>	<u>63,449</u>

(b) Other operating expenses

Loss from disposal of asset (see note 12(f))	(806)	-
Other sundry expense (see note b(i) below)	(71,435)	-
ECL adjustment	(25,903)	(15,918)
	<u>(98,144)</u>	<u>(15,918)</u>

(i) Other sundry expense represents impairment charge on the balance due from Aquila Leasing Ltd. See note 11(b)

30 Foreign exchange loss

Loss on translation of foreign currency transactions	<u>(38,219)</u>	<u>(2,894)</u>
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31 Operating expenses

(a) Management expenses analysed by nature

	31-Dec-20 N'000	31-Dec-19 N'000
Salaries and allowances of other employees	792,030	814,954
Pension costs (see note 36)	60,023	73,397
Legal and professional fees	68,914	46,533
Audit fees	17,112	18,079
Depreciation on property and equipment (see note 12)	18,590	28,144
Rent and rates	83,330	112,327
Directors' fees	52,967	46,353
Bank charges	6,130	8,767
VAT and Withholding tax	94,065	8,285
Insurance levy	22,727	29,791
Fines and penalties	820	250
Industrial training fund levy	8,587	-
Training and development	151	10,510
NIA annual levy	4,341	-
Insurance premium-company properties	13,392	7,269
Hotel accommodation	8,353	6,828
Stationeries	1,425	6,251
Telephone expenses	15,519	11,285
Staff medical expenses	20,984	33,871
Contract staff allowance	62,548	48,529
Transport and travel	4,772	18,409
Vehicle- repairs and maintenance	6,481	12,890
Vehicle- fuel, lubrication and repairs	9,242	12,819
Office repairs & running expenses	47,619	44,949
Other administrative expenses (see note (b) below)	216,714	377,993
	<u>1,636,836</u>	<u>1,778,483</u>

(b) Other administrative expenses

Stamp duties	15,001	-
CAC expenses	-	-
IT expenses	65,775	54,846
Projects and initiatives (see b(i) below)	25,584	172,038
Group life	-	7,888
Corporate promotions	108,649	126,446
Amortisation of prepaid staff benefit	-	-
Membership fees	1,704	16,775
	<u>216,714</u>	<u>377,993</u>

Notes to the financial statements (cont'd)

(i) **Projects and initiatives**

This includes accrued expenses for OMInsure support services, and cost of development and upgrade of insurance applications.

32 Earnings per share

- (a) Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted profit/(loss) per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive ordinary shares.

The loss and weighted average number of ordinary shares used in the calculation of basic profit/(loss) per share are as follows:

	31-Dec-20	31-Dec-19
	(300,476)	124,781
Loss for the year attributable to owners of the company N'000		
	Unit	Unit
	3,000,000	3,000,000
Weighted average number of ordinary shares (thousands) '000		
Basic earnings per share (kobo)	(10)	4

(b) **Diluted earnings per share**

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	31-Dec-20 N'000	31-Dec-19 N'000
Loss for the year attributable to owners of the company N'000	(300,476)	124,781
	31-Dec-20	31-Dec-19
<i>In units</i>		
Weighted average number of basic ordinary shares in issue (in thousands) '000	3,000,000	3,000,000
Effect of conversion of convertible preference shares	5,439,649	1,378,000
Weighted average number of ordinary shares in issue (diluted)	8,439,649	4,378,000
Diluted earnings per share (kobo per share)	(4)	3

33 Hypothecation of insurance fund on assets

Assets allocation was done in accordance with NAICOM guidelines in force to meet the minimum requirement of Section 26(1)(c) of the Insurance Act of Nigeria for hypothecation of investments representing the insurance funds.

31 December 2020

	Policyholders N'000	Shareholders N'000	Total N'000
(i) Cash and cash equivalents	235,101	2,866,061	3,101,161
Financial assets			
- Fair value through profit or loss (FVTPL)	-	230,192	230,192
- Amortised cost	2,082,339	2,024,313	4,106,652
- Loans and receivables at amortised cost	-	5,514	5,514
Reinsurance assets	1,677,401	-	1,677,401
Deferred acquisition costs	117,295	-	117,295
Trade Receivable	19,542	-	19,542
Other receivables and prepayments	-	49,484	49,484
Investment properties	-	-	-
Property and equipment	-	28,137	28,137
Statutory deposits	-	500,000	500,000
Total assets	4,131,677	5,703,700	9,835,377

Notes to the financial statements (cont'd)

31 December 2020

	Policyholders N'000	Shareholders N'000	Total N'000
(ii) Investment income:			
Dividend income	-	12,204	12,204
Fair value loss on investment properties (unrealised)	-	-	-
Gain on disposal of investment properties	-	5,000	5,000
Interest income on cash and cash equivalents	-	19,718	15,805
Interest income on treasury bills and Bonds	458,133	-	458,133
Interest income on deposits with credit institutions	-	41,751	41,751
Rental Income	-	-	-
Fair value gain/(loss) on financial asset	-	16,292	16,292
	458,133	94,965	549,184

31 December 2019

(i) Cash and cash equivalents	83,931	825,281	909,212
Financial assets			
- Fair value through profit or loss (FVTPL)	-	291,164	291,164
- Amortised cost	3,586,512	58,458	3,644,971
- Loans and receivables at amortised cost	-	4,503	4,503
Reinsurance assets	1,372,139	-	1,372,139
Deferred acquisition costs	69,500	-	69,500
Trade Receivable	80,859	-	80,859
Other receivables and prepayments	-	88,255	88,255
Investment properties	-	-	-
Property and equipment	-	32,128	32,128
Statutory deposits	-	320,000	320,000
	5,192,941	1,619,790	6,812,731
(ii) Investment income:			
Dividend income	-	13,700	13,700
Fair value loss on investment properties (unrealised)	-	-	-
Loss on disposal of investment properties	-	-	-
Interest income on cash and cash equivalents	4,915	3,276	8,191
Interest income on treasury bills and Bonds	400,297	266,865	667,162
			24,264
Interest income on deposits with credit institutions	-	24,264	
Rental Income	-	2,000	2,000
Fair value gain on financial asset	-	(53,714)	(53,714)
	405,212	256,391	661,603

34 Related party transactions

(a) Parent

The Company is a subsidiary of Old Mutual Africa Holdings Limited (Incorporated in SA) which owns 70% of the paid up share capital with the ultimate holding Company, Old Mutual Limited.

(b) Transactions with key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company, Old Mutual Africa Holdings, the parent Company, Old Mutual Limited and any subsidiary in the group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Old Mutual General Insurance Company Nigeria Limited.

(i) Key management personnel and director transactions

The Company did not earn premium income from any director during the year as no insurance cover was provided to any director and key management personnel.

Notes to the financial statements (cont'd)

(ii) *Other related party transactions*

During the year, the Company provided insurance services to entities related to key management personnel of the Company and related entities within the group.

All the transactions with the related parties were conducted at arm's length.

The company's transactions and balances arising from dealings with related parties are:

Name of related party	Nature of transaction	31-Dec-20 N'000	31-Dec-19 N'000
Old Mutual West Africa Company Limited	Capital injection	3,234,760	1,520,889
Old Mutual Insure Limited	Professional services	25,584	172,038
Ecobank Nigeria Limited	Insurance premium	156,561	211,074
Ecobank Nigeria Limited	Fixed Placement	435,613	-
EDC Securities Limited	Rent expense	64,480	61,740
EDC Securities Limited	Insurance premium	937	3,818
EDC Registrars Limited	Insurance premium	521	521
EDC Funds Management Limited	Fund Management	2,922,105	6,128
		6,840,561	1,976,208

The amount of N2.92Billion represents the value of FGN Bonds purchased through EDC Fund Management Ltd. EDC Fund Management Ltd acts as a purchase intermediary only and does not directly manage assets on behalf of Old Mutual General Insurance Company Nigeria Ltd.

35 Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	31-Dec-20 N'000	31-Dec-19 N'000
Directors' fees:		
Fees and sitting allowance	52,967	46,353
The highest paid director (executive)	37,623	36,923
Number of directors	6	7

36 Employees remunerated at higher rates

The number of employees in receipt of emoluments including allowances within the following ranges

		2020 Number	2019 Number
Below	2,000,000	-	-
2,000,001 -	4,000,000	6	6
4,000,001 -	6,000,000	11	18
6,000,001 -	8,000,000	14	2
8,000,001 -	10,000,000	4	5
10,000,001 -	12,000,000	3	5
12,000,001 -	and above	21	16
		59	52

Average number of persons employed in the financial year and the related staff cost were as follows:

Managerial	5	4
Senior staff	20	18
Junior staff	34	30
	59	52

Notes to the financial statements (cont'd)

The staff costs for the above persons was:

	31-Dec-20	31-Dec-19
	N'000	N'000
Salaries, wages and allowances (see note 31(a))	792,030	814,954
Pension cost (see note 31(a))	60,023	73,397
	852,053	888,351

37 Contingencies and Commitments

(a) Commitments for expenditure

The Company has no commitment for capital expenditure at the reporting date.

(b) Contingent liabilities

Litigation and claims

The Company in its ordinary course of business is presently involved in 1 case as defendant. The total amount claimed in cases against the Company is estimated at N20 million (2019: N20 million). Management does not believe that such litigation will result in a liability that will have material effect on the financial statements if it crystallizes, therefore no provision has been made.

(c) Contingent assets

The Company is involved in three (3) cases as plaintiff. The total amount claimed in favour of the Company is estimated at N174 million (2019: N108 million).

38 Events after the reporting period

There were no major events after reporting period that can impact on the financial statements.

39 Contravention of laws and regulations

	31-Dec-20	31-Dec-19
<i>Description</i>	N'000	N'000
Non-compliance with the NAICOM requirements for obtaining Approval in Principle (AIP) to reinsure	-	-

OTHER NATIONAL DISCLOSURES

Other National Disclosures

FINANCIAL SUMMARY

	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
ASSETS					
Cash and cash equivalents	3,101,161	909,212	364,869	705,840	4,283,356
Financial assets	4,342,358	3,940,638	4,399,673	4,691,068	687,343
Deferred acquisition cost	117,295	69,500	76,603	102,658	120,839
Trade receivables	19,542	80,859	30,264	-	-
Other receivables and prepayment	49,484	88,255	126,792	141,708	130,519
Reinsurance assets	1,677,401	1,372,139	1,336,738	730,558	822,737
Statutory deposits	500,000	320,000	320,000	320,000	320,000
Investment properties	0	0	680,000	940,000	988,771
Property and equipment	28,137	32,128	51,368	61,303	95,407
Deferred tax assets	-	-	-	-	-
Total Assets	9,835,377	6,812,731	7,386,308	7,693,135	7,448,972
EQUITY & LIABILITIES					
<i>Share Capital & Reserves:</i>					
Ordinary share capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Preference share capital	13,599	5,512	1,710	1,710.00	-
Share premium	5,526,050	2,299,377	782,290	782,290	100,000
Statutory contingency reserve	1,219,164	1,133,511	1,070,379	984,949	873,899
General reserve	(3,603,968)	(3,217,839)	(3,279,488)	(946,284)	(379,706)
Total Equity	6,154,845	3,220,561	1,574,891	3,822,665	3,594,193
Insurance contract liabilities	3,130,248	2,890,652	4,883,172	2,677,305	2,721,911
Trade payables	76,808	124,549	121,840	130,183	183,249
Accruals & other payables	467,239	562,606	661,127	963,586	881,559
Retirement benefit obligations	-	-	-	-	-
Income tax payable	6,238	14,363	112,962	72,527	68,060
Deferred tax liabilities	-	-	32,316	26,869	-
Total Liabilities	3,680,533	3,592,170	5,811,417	3,870,470	3,854,779
Total Equity & Liabilities	9,835,377	6,812,731	7,386,308	7,693,135	7,448,972
TURNOVER AND PROFIT					
Gross premium written	2,855,101	2,104,386	2,847,660	3,701,677	3,385,923
Net premium earned	1,222,572	755,385	1,015,260	1,086,661	1,104,330
Loss before taxation	(294,238)	104,027	(2,117,799)	(358,933)	(858,748)
Loss after taxation	(300,476)	124,781	(2,233,407)	(455,528)	(964,427)
Loss per N1 share (basic)	(10)	4	(74)	(15)	(32)
Net asset per share	2	1	1	1	1

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Other National Disclosures

STATEMENT OF VALUE ADDED

for the year ended 31 December 2020

	31-Dec-2020		31-Dec-2019	
	N'000	%	N'000	%
Net premium income	1,222,572	212	755,385	74
Reinsurance, claims, commission and others	(1,207,665)	(210)	(439,914)	(43)
Investment income	544,184	94	641,602	63
Other income/(expenses)	17,314	3	63,449	6
Value added	576,405	100	1,020,522	100

Applied as follows:

Salaries, wages and other benefits	852,053	148	888,351	87
Government taxes	6,238	1	(20,754)	(2)
<i>Retained in the business</i>				
Depreciation of property and equipment	18,590	3	28,144	3
To augment contingency reserve	85,653	15	63,132	6
To (deplete)/augment reserves	(386,129)	(67)	61,649	6
	576,405	100	1,020,522	100